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Agricultural Situation and Outlook for Michigan 1934

Michigan State University Extension Service

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**AGRICULTURAL SITUATION
AND OUTLOOK FOR
MICHIGAN
1934**

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**MICHIGAN STATE COLLEGE
Of Agriculture and Applied Science**

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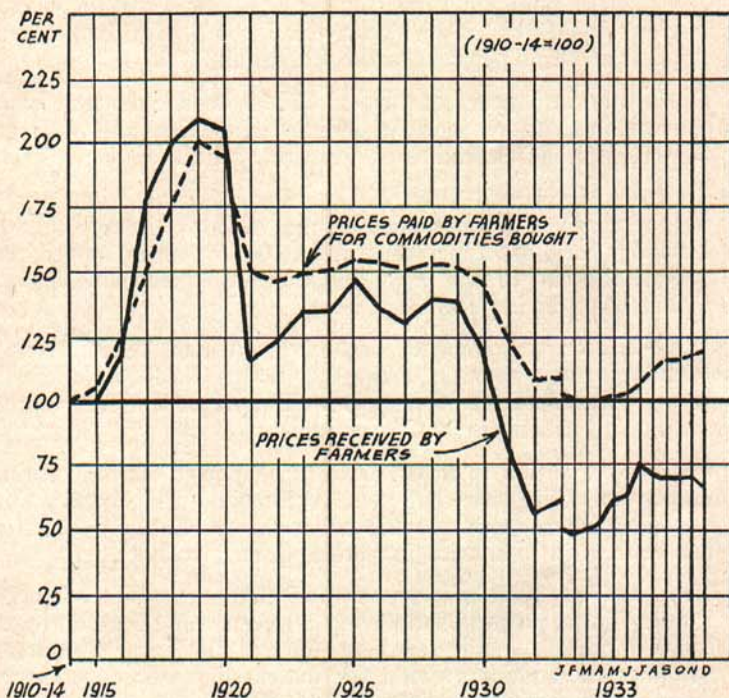
Printed and distributed in furtherance of the purposes of the cooperative agricultural extension work provided for in the Act of Congress May 8, 1914, Michigan State College of Agriculture and Applied Science and U. S. Department of Agriculture, cooperating.

This report was prepared by a joint committee of the Michigan State College Departments of Economics and Farm Management, and the Michigan State Agricultural Statistician, including R. V. Gunn, H. A. Berg, V. H. Church, in cooperation with Prof. G. A. Brown, Prof. C. G. Card, Prof. H. C. Rather, Prof. V. R. Gardner and Prof. E. L. Anthony, heads of the five production departments, Dr. H. S. Patton, Head of the Economics Department, and Prof. E. B. Hill, head of the Farm Management Department. Liberal use was made of the 1934 Agricultural Outlook report for the United States prepared by the Bureau of Agricultural Economics of the United States Department of Agriculture and also of the annual summary of the 1933 Crop Report for Michigan.

GENERAL SITUATION AND OUTLOOK

1. *Domestic Demand for Farm Products likely to improve further in 1934.*
 - a. The lowest point in domestic demand for farm products was reached in March, 1933, when the income of urban consumers stood at about 50 per cent of the 1929 peak level.
 - b. During the last three quarters of 1933 domestic demand improved appreciably with recovery in industrial activity, and with greatly increased public expenditures for work relief.
 - c. Between March and July, 1933, industrial production rose from 60 per cent to 100 per cent of the 1923-25 average, and while dropping back to 77 per cent in October, it again moved upward toward the end of the year, and may be expected to maintain a higher level during 1934.
 - d. While factory employment has increased some 30 per cent since March, factory payrolls, owing largely to N. R. A. wage codes, have increased about 55 per cent. This represents an appreciable addition to urban purchasing power.
 - e. Further expansion in urban purchasing power depends mainly on improvement in iron and steel, equipment and construction industries, where unemployment has been relatively much more severe than in industries processing farm products.
 - f. The generous scale of remuneration effective on Civil Works and Public Works projects, employing between 4 and 5 million persons, is an important factor affecting demand for farm products, and administration plans provide for increased public expenditures in these forms during the first half of 1934.
 - g. Large scale purchases of foodstuffs for relief distribution through the Federal Surplus Relief Corporation have constituted a further influence tending to strengthen prices for farm products. Such operations, however, will probably be conducted on a greatly reduced scale during 1934.
2. *Prospects for Improvement in Demand for American Farm Products in 1934 less favorable in foreign than in domestic markets.*
 - a. Volume of agricultural exports from the U. S. for year ending June 30, 1933 was 13 per cent less than for the year previous and 32 per cent less than in 1928-29. Expressed in value these exports were 22 per cent less than one year ago and 68 per cent less than four years ago.

- b. While considerable improvement in export trade developed during the last half of 1933, the foreign demand outlook, except perhaps for cotton, is distinctly less favorable than in the years preceding 1931.
- c. Grain and meat products now make up a smaller proportion of our exports and cotton, tobacco and fruit a larger share than was the case prior to the depression. A continuation of this trend is expected.



Index of prices received and paid by farmers in United States, 1910-1933
(1910-1914 = 100)

- d. The virtual discontinuance of American lending abroad removes one of the major influences which sustained our agricultural exports during and after the war. On the other hand the fall of the dollar on the foreign exchanges to 62 per cent of its value in relation to gold currencies, makes it easier for foreigners to purchase American products, except where measures have been taken by governments to counteract the depreciation of the dollar.
- e. Recently import duties abroad have been increased and import quotas made more stringent. There seems to be no immediate prospect of any substantial reduction in these barriers.

- f. The continued growth of economic nationalism, further development of trade agreements between countries that have important political affiliations, and preparation by certain countries for tariff bargaining are tendencies which are likely to increase the severity of trade barriers.
3. *Farm Prices and Farm Income expected to rise in 1934.*
 - a. Farm income in 1933, including rental and benefit payments made by A. A. A. estimated to be about 25 per cent above the 1932 low.
 - b. Gross farm income in the U. S. was about 12 billion dollars in 1929, 5 billion in 1932, and about 6¼ billion is estimated for 1933.
 - c. Average farm prices in December, 1933, were about 68 per cent of the pre-war average and 40 per cent above the low point of last February.
 - d. Possibilities of further currency depreciation, increase in domestic demand, and decrease in farm production are reasons for anticipating a somewhat higher farm price level in 1934.
 - e. From March to December, 1933, while farm prices increased 40 per cent, prices of commodities that farmers bought increased 18 per cent. Therefore, there was still a net increase in farm purchasing power of about 16 per cent.
 - f. If the general price level continues to advance we can expect further improvement in the exchange value of farm products for 1934.
 4. *Farm Expenditures for Labor, Equipment and Fertilizer expected to increase further in 1934.*
 - a. In October, 1933, farm wage rates were 18 per cent above the rate of last April, though they are still about one-half the 1929 rate.
 - b. Demand for hired farm help for 1934 not likely to increase, but prospects for improvement in business activity and government reemployment through C. W. A. and P. W. A. projects, indicates the supply available for farm labor may be smaller.
 - c. Outlook for farm machinery prices in 1934 is uncertain. Prices to farmers still 40 per cent above prewar, but about 14 per cent less than in 1929.
 - d. Higher costs in manufacturing and distribution, because of labor code regulations, seem probable.
 - e. Building materials prices have increased 20 per cent since March, but are about 10 per cent less than in 1929. Costs are likely to increase further in 1934.
 - f. Fertilizer prices have increased about 12 per cent since March. However, they are only two per cent above prewar levels now.

5. *Farm Credit Outlook for 1934 characterized by enlarged federal facilities and continued small volume of loanable funds from usual commercial sources.*
- a. Deposits in country banks in 20 leading agricultural states in August, 1933, were 19 per cent below those of a year previous.
 - b. Number of banks in position to serve agricultural areas has been drastically curtailed by suspensions and restrictions on withdrawal of deposits.
 - c. Deposits totaling $1\frac{3}{4}$ billion dollars still tied up in closed banks on September 22. Efforts now being made to release a portion of these deposits may be a material factor in improving farm credit conditions.
 - d. As a result of the new Federal legislation funds for farm mortgage loans will be more plentiful than in recent years. Almost $\frac{1}{4}$ billion dollars have been loaned during the last eight months of 1933.
 - e. Also, ample funds for short-term credit are being made available by the government through the setting up of local cooperative production credit associations.
 - f. Similarly, through the central or regional Banks for Cooperatives, loans are available to farmers' cooperative associations engaged in selling agricultural products or purchasing farm supplies.
 - g. Acreage restriction plans and benefit payments under the A. A. A. program are expected to offset the need for credit arising from the higher prices of farm supplies.

WHEAT

1. *World wheat market continues to be depressed by accumulated stocks, high level of production and severe import restrictions by European countries.*
 - a. World carryover on July 1, 1933, highest on record, 782 million bushels. This is 84 million bushels more than the previous high figure of 1932, and more than twice the normal level of such stocks, 300 million bushels.
 - b. Exporting countries, (U. S., Canada, Argentine, Australia) have reduced acreage somewhat during past three years. On the other hand, importing European countries and Russia have increased their acreage by a similar amount.
 - c. France, Italy and Germany, at current rates of exchange, now impose import duties on wheat of \$1.45, \$1.85 and \$2.80 per bushel respectively. Imports of wheat into these countries amounted to over 200 million bushels in 1922 and only 40 million bushels last year.

2. *Prospects are that U. S. will again have a surplus of wheat for export next year.*
 - a. However, short crop in 1933, government aid in disposing of excessive surpluses, and the acreage reduction program of the A. A. A. are strengthening influences in the domestic wheat market prospects.
 - b. Under normal export conditions Chicago wheat prices are usually 10 to 20c per bushel under Liverpool prices. In the current year United States prices have been far above an export basis.
3. *Prices have improved materially since last March.*
 - a. On November 15, 1933, the average U. S. farm price of wheat was 71c per bushel compared to 33c one year previous. During the same week American wheat sold in Shanghai at 65c per bushel.
 - b. Governmental action may continue to be of great importance in affecting the level of wheat prices in the United States during this coming year.

BEANS

1. *Total supply of beans available for the current marketing year (1933-1934) is fully 1 1/2 million bags more than a year previous.*
 - a. Total production of beans in the United States for 1933 was approximately $12\frac{1}{4}$ million bags. In addition to this quantity, there was a carry over from the 1932 crop of about $1\frac{1}{4}$ million bags.
 - b. Total production in 1932 was approximately $10\frac{1}{2}$ million bags and the carry over from the 1931 crop was approximately $1\frac{1}{2}$ million bags.
 - c. Consumption of beans, as in trade disappearance figures, has been declining for the last three years. Last year it was 300,000 bags less and the year before one million bags less than the preceding five-year average.
2. *Farm prices of beans have followed the downward trend of all agricultural products.*
 - a. In September, 1930, the average U. S. farm price of beans was \$6.00 per cwt., and in February, 1933, it was \$1.50 per cwt.
 - b. The same relative situation existed in Michigan. Prices more than doubled from February, 1933 to October, 1933, but since that date they have lost about half of this gain.

- c. Efforts are being put forth at the present time by Michigan growers and jobbers to secure a substantial loan on beans from the federal government through the commodity credit corporation similar to what has been done in other states for corn and cotton. If this plan is carried through it should have some stimulating effect upon bean prices.

3. *The Michigan Situation.*

- a. Some encouragement in the Michigan situation may be had from the fact that while the United States production of pinto beans was about double the production of last year and that of red kidneys about $\frac{1}{3}$ greater, the 1933 production of navy beans and the competing variety, Great Northerns, was slightly less than in 1932.
- b. The growing of cranberry beans on a commercial scale in Michigan is a significant development of 1933.
- c. Cranberry beans should slightly outyield red kidneys in Michigan, but they are not as productive as the Robust bean. Neither are they so susceptible to disease injury as red kidneys.
- d. During the past year the price of cranberry beans has been higher than red kidneys, and the price of both of these varieties has been materially higher than the price of pea beans.
- e. Some expansion in cranberry beans in Michigan is warranted. Dealers estimate that the market would readily absorb 200 cars from this state. The light cranberry beans are preferred to the dark on the market.

POTATOES

1. *Potato Situation is Strong.*

- a. 1933 potato crop for U. S. of 317 million bushels is the smallest since 1925.
- b. This means scarcely 2.6 bushels for each person. Anything below three bushels per capita is considered light.
- c. Average U. S. farm price on December 1 of 70c is twice that of a year ago. In previous short crop seasons the autumn price has doubled before spring.
- d. The demand for potatoes is quite inelastic, however, the consumption of potatoes has gradually declined for the past 10 years.

2. *Slight Increase in Plantings anticipated in 1934.*

- a. Growers in early and intermediate states reported on October 1 intentions to increase plantings seven per cent over 1933.
- b. If growers in late producing states follow previous reactions to market prices and if seed is available at reasonable prices, some slight increase in plantings is probable.

- c. Based upon this probable acreage and average yields, normal production would result in 1934. Such a crop would return the growers a smaller gross income than in 1933.
3. *Potatoes continue to be a good cash crop for Michigan farmers.*
 - a. Based on December 1 prices the value of Michigan potato crop for 1933 was over 13 million dollars, almost twice the average value for the three previous years.
 - b. On the average, no other crop in the potato growing sections brings as large a total cash return per acre.
 - c. The table quality of the Michigan potato crop in 1933 was generally excellent. It will pay producers to put special emphasis on producing quality stock.

SUGAR BEETS

1. *Michigan sugar beet industry completed the third season of a strong recovery program.*
 - a. Fifteen of a total of sixteen mills operated in 1933 as compared to 11 in 1932, and six in 1931.
 - b. Acreage increased to 155,000 acres from 120,000 and 64,000 for previous seasons.
 - c. The yield of eight tons per acre, while below two previous seasons, was slightly above average.
 - d. The operation of all sixteen plants, is a possibility for 1934.
2. *Good returns to growers per acre of sugar beets are indicated, considering low prices for sugar.*
 - a. The participating contract providing for a 50-50 division of the net sales of sugar, pulp, and molasses was in general use.
 - b. While final settlement cannot be made until products are sold, a price for beets comparable to prices received for 1932 crops is indicated because of a slightly higher price for sugar sold by January 1.
 - c. On this basis, sugar beets would rank as the most profitable field crop grown in sugar beet area during 1933.
3. *Sugar beet prospects.*
 - a. The world sugar situation and price is greatly influenced by the present uncertainty of the production and marketing of the Cuban crop.
 - b. Government proposals to name sugar as a basic commodity under the Agricultural Adjustment Act and to assess a processing tax against sugar to pay benefits to sugar growers while also reducing the tariff on sugar make the present situation very uncertain,

- c. If given reasonable protection against sugar produced outside of continental United States, and if its products can be marketed at fair prices, the Michigan beet sugar industry should continue as a most important factor in Michigan agriculture.

CLOVER AND ALFALFA SEED

1. *Supplies of red clover, alsike clover, sweet clover and alfalfa seed for the entire country are below normal.*
 - a. Production of red clover in 1933 of 50 million pounds was about $\frac{2}{3}$ of the 1932 production, and about 75 per cent of the five year (1926-30) average. Carry-over of red clover is smaller than usual. No imports for almost two years. European supplies of this seed are smaller than average. Exports last September were the largest on record.
 - b. Production of alsike clover in 1933 was 20 million pounds as compared with 26 million pounds in 1932, and about 80 per cent of the 1926-30 five-year average. The carry-over of alfalfa seed is smaller than in recent years. No imports for almost three years.
 - c. Sweet clover production in 1933 was about $\frac{1}{5}$ smaller than the 1932 crop. No sweet clover seed has been imported for almost four years. Carry over is smaller than in recent years.
 - d. Alfalfa seed production in 1933 is estimated between 55 and 60 million pounds compared to 32 million pounds in 1932. This fairly large production is offset by the smallest carry over in recent years. Imports of alfalfa seed have been of little consequence for the past five years. Exports during 1932 were the largest on record. A below average production is forecast for Europe this year.
2. *Prices on all clover and alfalfa seed are higher than a year ago.*
 - a. Prices to growers of red clover seed on October 15 averaged \$9.75 per hundred pounds compared with \$8.00 last year.
 - b. Prices to growers for alsike clover seed averaged about \$3.00 per hundred pounds higher than a year ago.
 - c. Prices to growers for alfalfa seed on October 15 averaged \$7.75 per hundred pounds compared with \$7.50 last year.
3. *Possible for prices of legume seeds to advance further.*
 - a. Government program of wheat and corn acreage reduction will likely result in an expansion of acreage in hay and pasture.
 - b. Also, signers of crop adjustment contract to reduce acreages of wheat, corn and other crops will have extra cash from government payments.
 - c. On the other hand, the limited purchasing power of those without these extra payments may tend to hold prices down.

4. *Michigan Alfalfa seed situation.*

- a. The alfalfa seed crop for Michigan in 1933 is estimated to be slightly under the record 1931 crop of 45,000 bushels. The 1932 production was 18,000 bushels.
- b. The greater part of the crop produced in 1933 was on second cuttings. Certified alfalfa seed production in 1933 is estimated to be practically the same as last year, 1200 bushels.
- c. Most of the growers producing certified seed in 1933 saved the first cutting which did not yield as high as in 1933. The large crop of alfalfa seed from second cuttings was unusual. Growers should understand that either first or second cuttings in Michigan have possibilities for seed production.

FEED CROPS (CORN, OATS, BARLEY, AND HAY)

1. *1933 corn and hay crops in Michigan were about average but oat and barley yields were among the poorest on record.*
 - a. Michigan's 1933 corn acreage was 14 per cent smaller than that of 10 years ago, 28 per cent smaller than the record acreages of 1907 and 1908 when 1,900,000 acres were grown, and 54,000 acres less than the past 10 year average. The 1933 United States corn crop was 90 per cent of average.
 - b. Michigan's 1933 oat acreage was the lowest since 1905. The United States crop was the smallest since 1894. Many states are short of seed. The quality of Michigan oats was fair and growers with any surplus of clean oats of 32 pound test weight or better should be able to sell it at a premium for seed.
 - c. Michigan's 1933 barley yield of 13 bushels to the acre was the poorest on record. Barley is particularly sensitive to excessive heat and drought such as prevailed last June. United States barley production was about 60 per cent of the five year average.
2. *Large carry-overs of feed grains supplement present supply but total is below average.*
 - a. Because of large United States crops in 1932 the carry-over of feed grains into the 1933 feeding season was larger than usual.
 - b. In 1930 and 1931 large quantities of wheat were fed. With wheat at relatively higher prices than feed grains and the poor wheat crop of 1933 the amount used for feeding will be greatly reduced.
 - c. The total tonnage of feed grains (corn, oats, barley and grain sorghums) in the United States is below average.

3. *Michigan likely to produce more feed grains in 1934.*
- a. The Agricultural Adjustment Administration plans call for a substantial reduction in corn and hog production. Liberal benefit payments are likely to encourage such reduction in leading corn and hog producing areas. Many of the larger Michigan corn and hog producers will doubtless sign up for reduction but with the diversity of interests in this state and the fact that large numbers of smaller producers cannot qualify for substantial benefit payments, it is doubtful whether Michigan's corn acreage will be reduced.
 - b. If the corn and hog production control campaign is successful in substantially reducing corn acreage, corn prices to Michigan farmers who annually buy a portion of their feed supply will probably be higher. This, of course, should not materially affect those who take part in the campaign, reduce their hog numbers, and receive benefit payments.
 - c. There is no reason to assume that whether conditions will be as adverse to barley and oat production in Michigan as they were in 1933, in which case there will be a larger acreage and a larger production of both of these crops.
 - d. For the past three years unmixed Spartan barley of good quality has found favor with the pearling industry at prices equal or better than those of good malting barley and well above the prices for corn and feeding barley. Some Spartan barley is also used by maltsters although most maltsters prefer six-row barley.
 - e. Michigan barley growers cannot compete in price with Minnesota and Wisconsin growers for the Chicago and Wisconsin malting barley trade because of freight rates but find some market in this state and in the East for malting barley.
 - f. Wisconsin No. 38, a new smooth bearded, six-row barley is productive in Michigan and satisfactory to the malting trade. It has a weaker straw than Spartan barley and is less desirable as a nurse crop for seedings of alfalfa and clover.
 - g. Where successful seedings of alfalfa and clover can be made in small grains the production of oats and barley is warranted as a means of materially reducing the cost of establishing stands of these forage crops.
4. *The 1933 Michigan hay crop was above average, that of the country as a whole, below average.*
- a. Michigan's steady hay production is due in part to the high proportion of alfalfa, the 1933 acreage being 816,000.
 - b. Alfalfa yields in 1933 were about average but due to favorable September rains the crop has established excellent root reserves. With a normal winter and spring the Michigan alfalfa crop of 1934 should be better than that of the past season.

- c. There is an increased use of alfalfa for pasture. Because of its drought resistance, alfalfa pasture reduces the necessity for feeding hay and summer silage in July and August. An increase in alfalfa use for pasture is warranted.
- d. Some sections, notably parts of the Upper Peninsula, were very short of hay in 1933 and had to ship out some livestock.
- e. More than 50 per cent of Michigan farmers do not yet have alfalfa. These growers can well afford to reduce their acreage of other hay and start alfalfa on their most suitable fields.
- f. Growers signing contracts with the Agricultural Adjustment Administration to take land out of wheat or corn may sow alfalfa, clover, forage mixtures, or soil building crops on the contracted acres.
- g. From acres under contract for 1934 no feed or pasturage may be removed that season. However, these areas may be harvested or grazed in subsequent years with new acres taken out of production while adjustment contracts remain in force.
- h. This should result in increased use of pasturage in the future without stimulating excess livestock production but with production secured at reduced costs and greater possibilities for profit.
- i. The erection of alfalfa mills in southeastern Michigan for the manufacture of alfalfa meal has improved the cash crop market for alfalfa hay in that section.
- j. There have been numerous inquiries from Michigan farmers for information about the various kinds of lespedeza, an acid tolerant legume used in the south for pasture and hay. None of the strains of lespedeza now commercially available appear promising for utilization in Michigan.

DAIRY PRODUCTS

1. *Without control of Production, Further Increase in Output of Dairy Products for 1934 is expected.*
 - a. Number of milk cows on farms has increased over 14 per cent in past five years. Rate of increase is slowing up, however.
 - b. Reports from 6,300 dairy correspondents indicate possibly another one per cent increase during the next 12 months.
 - c. On account of extremely low prices for beef cattle western corn belt farmers are milking some cows formerly kept for beef production.
 - d. Milk production per cow has fallen off over six per cent since 1929. However, with any encouragement from higher prices production can be stepped up quickly by heavier feeding.

- e. A production control program anticipating the slaughter of diseased and low producing cows is, however, now being considered at Washington.
2. *Improvement in Demand for Dairy Products largely dependent upon maintaining Factory Pay Roll increases.*
 - a. During first eight months of 1933 apparent consumption of butter and cheese declined $3\frac{3}{4}$ per cent compared with the same period in 1932. Index of factory pay rolls averaged six per cent less.
 - b. In recent months payrolls have increased. If this increase is maintained demand for dairy products will increase.
 - c. Imports of dairy products slightly exceeded exports for the year ending June 30, 1933. However, conditions abroad indicate no pressure from foreign supplies on our markets during the coming winter.
 - d. On the other hand, there is but slight prospect of profitable foreign outlets.
 3. *Apparent strength in prices of dairy products depends on Price-Supporting measures being applied.*
 - a. Contrary to situation of past several years, the relative favorable situation of dairying compared with returns from other types of farming, seems likely to be less favorable during the next year or two.
 - b. Record stocks of dairy products, a lowered rate of consumption, a high rate of production, are from a statistical point of view, evidences of weakness in the present dairy situation.
 - c. Improvement in the general purchasing power of consumers is hoped for under the federal government's program to increase employment and wages.
 - d. Through the marketing agreements activities of the Agricultural Adjustment Administration, special effort is being directed to the raising of prices to the producers of dairy products.
 - e. The newly organized federal Dairy Marketing Corporation has been set up to purchase surplus dairy products and distribute to needy unemployed.
 4. *Michigan Situation and Recommendations.*
 - a. Michigan dairy cows consume 80 per cent of the corn silage, 75 per cent of the barley, 40 per cent of the oats, 16 per cent of the wheat, 25 per cent of the corn for grain, and 33 per cent of the hay produced on Michigan farms. They will continue to supply the major market for these crops.

- b. Michigan dairymen must produce more of their milk on better pastures and home grown feeds. High quality roughage is an important factor in economy of production at this time.
- c. Where the elimination of cull and unfit cows has been advocated in the past, it becomes an absolute necessity under present conditions.
- d. Burdensome surpluses, until controlled by producers themselves, will continue to disturb profit possibilities. Control must start at the farm by the farmer.
- e. Consumer demand must be cultivated and safe-guarded through high quality products. Never has competition against dairy products been so keen, or need for holding dairy markets so necessary.

POULTRY AND EGGS

1. *Doubtful if poultry and egg production in 1934 exceeds that of 1933.*
 - a. The number of hens and pullets on farms October 1, 1933 was about one per cent smaller than in 1932.
 - b. Egg production for fall of 1933 and winter of 1934 may be somewhat smaller than last season because of late maturity of pullets and higher priced feeds.
 - c. Feed prices are increasing and are not favorable to poultry profits.
 - d. The number of chicks that will be hatched next spring will depend mainly upon prices received for poultry products, upon their relation to feed costs during the winter and spring, and upon the outlook at hatching time.
2. *Storage demand for 1934 will probably not be so strong as in 1933.*
 - a. Many holders of storage eggs for 1933 will not be able to show any net profits on the year's storage deal.
 - b. Practically no carry over of storage stock of eggs into 1934 season.
3. *Feed supply less than for 1933 indicating an increasing feed cost.*
 - a. Allowing for wheat fed and to be fed, the present supply of feed grain is about 20 per cent less per animal unit than the supply of last year.
 - b. The supply of corn is estimated to be about 15 per cent less than in 1932.

4. *Storage stock of dressed poultry high.*
 - a. Receipts of dressed poultry at the four principal markets, for the first nine months of 1933, were about 14 per cent larger than the receipts for the same months in 1932.
 - b. It is too early now to predict the quantity that will be in storage at the peak of the 1933-34 marketing season, but it appears reasonably certain that the stocks will be larger than the peak stock of 1933 and probably above the preceding five year average.

HORSES

1. *Supply of horses not in keeping with demand.*
 - a. Horses on farms January 1, 1933, numbered 12,163,000 as compared to 19,767,000 in 1920. Horses in Michigan declined from 605,000 to 366,000 for the same period.
 - b. A larger number of horses were shipped and trucked into Michigan in 1933 than in 1932. The trucking in of large numbers makes it impossible to check accurately on numbers.
 - c. Present number of horses cannot be maintained as long as the number of animals reaching work age is not large enough for replacements. Efficiency of work horses is declining because of increasing average age.
 - d. More two year olds are in harness than ever before, chiefly because of shortage of work horses.
2. *Demand and prices continue to increase.*
 - a. Michigan is third in the value per head of horses on farm, with a value of \$97.00 per head at beginning of the year. There was a substantial increase in values as seasonal demand and shortage became more apparent.
 - b. Farm demand is for handy-weight horses weighing from 1,400 to 1,600. Little demand for large geldings.
 - c. Purebred breeders are holding to the large horse, thus maintaining the standard of farm horse.
 - d. Grade mares selling from 15 to 25 dollars higher than geldings, indicates added interest in breeding program.
 - e. Stallion owners report heavy service for the season. Stallions continue in service from early April until late in fall.
 - f. Noticeable increase in number of foals on farms throughout state. Mares being bred regardless of age. Foals in carload lots are being shipped into state, indicating that farmers are taking future replacement problem seriously.

- g. Material shortage of stallions evident. Selling price at least \$50.00 higher than in 1932. Conspicuous demand for weanling and yearling stallions of Percheron and Belgian breeds.
 - h. Special effort to purchase purebreds indicates stability for future industry. Although farm prices are low money seems available for purchase of good horses.
3. *Expansion is justified.*
- a. Low prices of grain and hay continue to favor increased use of horses.
 - b. The number of licensed draft stallions has not materially changed since 1932, the reason being mature stallions in greater numbers are not available.
 - c. The limited number of stallions and their distribution governs their service. Lack of stallions in certain communities retards production of colts in the entire state.
 - d. The shortage of horses in other states, higher prices on shipped in horses, and difficulty in locating horses, stress the importance of breeding and the raising of more colts.
 - e. Raising of colts is a side line of general farming but there is a suitable outlet at good prices for any surplus. Indications are that the probability of over-breeding will be remote for a period of several years.
 - f. Due both to increased prices and increase in importation from other states, the total amount of money sent out of Michigan for horses has increased materially.

BEEF CATTLE

1. *Numbers of all cattle on farms in United States near all time record.*
- a. Continuous increase since 1928. Further increase likely from 1934 calf crop.
 - b. Inspected cattle slaughter increased 10 per cent in number or 10.9 per cent in the total weight during first nine months of 1933. Increase in cow slaughter was 17 per cent and in steers only three per cent.
 - c. Imports of live cattle, canned, and other beef the first nine months of 1933 approximated two per cent of cattle slaughtered under Federal inspection during the same period. Canned beef imports, representing almost two-thirds of this total, increased about 83 per cent; live cattle, representing half as much decreased 10 per cent; while fresh and frozen beef imports, representing a very small quantity, were cut in half.

2. *Movement of feeder cattle small.*
 - a. Shipments into feedlots from July 1 to October 1 were 30 per cent below last year. Many fat cattle were held over until late fall in the hopes of a price rise.
 - b. Shortage of feed and higher feed prices discourage feeding, Supply of feed per animal unit for all livestock is smallest for 30 years.
 - c. Disappointing returns from cattle feeding during 1933 is discouraging to feeders.
3. *Beef consumption depends on purchasing power.*
 - a. Per capita beef consumption increased during first nine months of 1933. Large supplies lowered prices of fresh meat, which must be moved rapidly at some price.
 - b. Industrial employment determines spending power. Unemployment tends to limit purchases regardless of price.
4. *Prices are at very low levels.*
 - a. Beef prices in 1933 declined slightly below those of 1932.
 - b. Long-fed cattle of heavy weights were severely penalized as the season advanced and numbers accumulated.
 - c. Spread between higher and lower grades of slaughter cattle became very narrow.
 - d. Reaction may prevent an over-supply of finished cattle during 1934.
5. *Michigan beef cattle situation.*
 - a. Numbers of all cattle and calves, including dairy cattle, in Michigan, increased 105,000 from January 1, 1928, to same date, 1933.
 - b. Numbers of dairy cows and heifers increased 106,000 during the the same period. Most of these are eventually sold as beef.
 - c. There were 41,180 feeder cattle shipped into Michigan during 1928 and 25,556 during 1932.
 - d. Eastern United States markets, besides large Michigan cities, are available to Michigan beef producers more readily than to the western cattle man.
 - e. Roughage and pasture in many areas furnish cheap feed for raising beef cattle.
 - f. Surplus grain in some sections is being used economically to fatten cattle, but shipped-in grain is too expensive in many cases to compete with surplus grain costs in large feeding centers of the corn belt.

6. *Suggestions for Michigan cattlemen.*

- a. An efficient breeding herd will produce a calf crop from cheap and often unmarketable roughage and pasture. As a result a portion of transportation costs and the chance for a speculative loss, such as is often incurred where feeders are purchased, are eliminated.
- b. Off-colored, poor type cattle are not desirable on the market and consequently sell at bargain-counter prices. A feeder can often feed such cattle profitably when purchased at ridiculously low prices, but at the expense of the grower.
- c. Scrub and surplus dairy calves should be vealed and not kept to penalize the grower and also the producer of quality beef.
- d. Young and thin fleshed cattle gain more economically than older and fatter cattle. After cattle become fat enough to grade "choice", further gains rapidly become prohibitive in cost and may preclude chances for profit while waiting for a rising market.
- e. The market desires well finished beef but surplus tallow is a liability to the producer, the processor and the consumer.

HOGS

1. *Slaughter for present marketing year (ending, September 30, 1934) expected to be smaller than a year ago.*
 - a. Combined spring and fall pig crops in 1933 were 80.1 million head and only about 200,000 head more than for 1932. Of these more than 6,000,000 were purchased and disposed of by the Federal Government.
 - b. A decrease in average weight compared with last year is expected. Short supplies of corn and other feeds with high feed prices and an unfavorable corn-hog price ratio exist.
 - c. Estimated number of sows to farrow in spring of 1934 about 8.4 per cent smaller than last year according to December pig survey.
 - d. The extent of cooperation with the Federal Government's corn and hog reduction program cannot be foretold, but will undoubtedly be a large factor in reducing the year's slaughter of pork.
2. *Continued small foreign demand for American hog products expected.*
 - a. Exports of United States hog products increased 3.5 per cent in 1932-33 over the low preceding year. Pork exports 1931-32 marketing season were 30 per cent less than one year before and 60 per cent less than two years before.
 - b. Normally 12 to 18 per cent of U. S. pork production was exported, which constituted 80 to 90 per cent of all meat exports and from 10 to 12 per cent of all agricultural exports.

- c. Increased international trade restrictions tend to reduce foreign demand. Both surplus and deficit producing countries appear to be tending toward self-sufficiency.
3. *Corn and hog reduction program a big factor in pork supply, demand and price prospects.*
 - a. Benefits of \$5.00 per pig will be paid to cooperating producers who reduce their production 25 per cent from a base production of three or more litters per year. This benefit for those who can qualify will aid much during a period when feed cost for gains might be as great or greater than the market price received.
 - b. The corn reduction program coupled with the present short feed supply is likely to raise the price of corn and other feed grains. Feed cost of gains for hog growers who must purchase much of their grain may continue in an unfavorable ratio to fat hog prices where the producer cannot qualify for the hog reduction benefits.
 - c. Unless the pork supply is considerably reduced, consumer demand may not be strong enough to absorb the supply at a high enough price to make market prices profitable to producers without the benefits. The processing tax from which the benefits are paid must be added to the market cost of live pork to packers and along with usual processing and distribution costs, passed on to consumers.
 - d. The extent to which consumer demand will absorb the pork supply at higher prices will depend much on industrial employment.
 - e. Michigan pork producers who can qualify for cooperation in the corn and hog reduction program have a much greater chance of profitable swine growing than those who do not.
 4. *Suggestions for Michigan hog producers.*
 - a. In localities where skim milk or other unmarketable by-products are available, or where there is surplus of feeding grains, hogs still offer a favorable market for these materials.
 - b. Hog feeders will do well to finish and market at lighter weights, 180 to 200 pounds. Light weights require less feed per pound gain and usually sell higher than heavies.
 - c. Lightest marketing months for corn belt area are April and August, or September, which accounts for seasonal price upswings in those months.
 - d. Light weights and earlier marketing are ways in which Michigan producers can partially overcome higher feeding costs as compared to main corn belt area.
 - e. Michigan farmers may well raise their own pork and will find this self-sufficient amount of pork the most profitable part of their hog feeding.

SHEEP AND WOOL

1. *Moderate decrease in sheep numbers expected during next year.*
 - a. Number of lambs and sheep on feed December 1, 1933, probably less than a year ago due to heavy death losses and $2\frac{1}{2}$ per cent reduced lamb crop in 1933.
 - b. Lamb crop for 1934 will depend on winter range conditions in the western areas and weather encountered at lambing time but is not likely to be any larger than the 1933 crop.
 - c. Prospect of extensive forced liquidation appears to have been reduced for the time being. Unsatisfactory grazing conditions may cause some further liquidation or result in further losses of ewes unless weather conditions are unusually favorable.
2. *Any material improvement in the demand for lamb cannot be expected as long as competing meats are at their present low levels.*
 - a. Reduced slaughter of lambs in 1933 has resulted in average prices somewhat higher than those prevailing in 1932.
 - b. Lamb prices have held up remarkably well during 1933 with prospects of some improvement in 1934 due to the wool situation and increased by-product values.
 - c. Prices of feeder lambs during the last half of 1933 have been well above those of 1932. The spread between feeder and slaughter lambs has been less than a year ago.
3. *Wool prices for 1934 should continue on a strong basis with some increase probable.*
 - a. World wool production in 1933 smaller than in 1932. Total production wool (shorn and pulled) in the United States for 1933 approximately 400 million pounds, about the same as in 1932.
 - b. Importations of wool in 1933 have been larger than in 1932, which was the low point in 50 years.
 - c. Wool consumption in U. S. for 1933 has been maintained on a comparatively high level. There will be practically no carry-over of wool from the 1933 crop.
 - d. The average farm price of wool in the United States as of October 15, 1933, was 23.6 cents per pound compared with 9.5 cents on that date in 1932 and the five year pre-war average (1909-14) of 17.8 cents.
4. *Long-time production outlook.*
 - a. Returns from wool and lambs in 1933 have been on a fairly satisfactory basis, especially when compared with the returns from other classes of livestock.

- b. Present policy of government loaning agencies has improved the financial situation and will probably prevent any general immediate liquidation of western sheep industry.
 - c. While prices are reasonably favorable at present an expansion in numbers is uncalled for and would result in materially lower prices than those now prevailing.
5. *Michigan situation and recommendations.*
- a. Feeder lambs bought in Chicago for five cents sold in Detroit at six cents, pay interest, marketing costs, 63 cents per cwt. for grain and \$6.81 per ton of hay.
 - b. Lambs, bought at five cents, gaining 30 pounds per head, and sold for 4.65 cents would return nothing for the feed.
 - c. Lambs bought in Chicago at six cents per pound and sold in Detroit at seven cents return 78 cents per cwt. for grain and \$8.33 per ton for hay.
 - d. Lambs bought in Chicago at seven cents and sold in Detroit at seven cents return but 46 cents per cwt. for grain and \$4.88 per ton for hay.
 - e. In view of low prices for competing meats, prices paid for feeder lambs should be on a conservative basis.
 - f. Michigan farmers who have a surplus of pasture and roughage should find present price of ewes attractive.
 - g. Michigan producers should sell only well finished lambs. Sharp discrimination between finished and unfinished lambs.
 - h. Advisable for Michigan producers to force lambs for early summer market before western lambs are available.

FRUIT CROPS

1. *Combined production of all fruits during the past 10 or 15 years has advanced about one per cent annually.*
 - a. This is due largely to rapid increase in production of citrus fruits, from 27 pounds per capita in 1919-23 to 47 pounds in 1927-31.
 - b. With increased yields to offset decline in number of trees apple production has been about level. In the last two years trend has been downward.
 - c. Production trend has been downward for peaches, grapes and olives, but upward for pears, cherries and prunes.
 - d. Imports of bananas have increased about 50 per cent from 1919 to 1932.

2. *Prices of nearly all fruits have been declining steadily since 1929 and it has been impossible to cut costs correspondingly.*
 - a. Tendency is to develop, at least maintain, orchards close to consuming markets and neglect considerably those more distant.
 - b. Average production of apples per tree in the Pacific Northwest is nearly double that of the east. However, continued high freight rates have largely wiped out this advantage of the Northwest.
 - c. From an export standpoint the situation is clouded by increased tariffs and quotas established by importing countries. Exports of fruit and fruit products from the U. S. have amounted to close to 12 per cent of our total fruit crop.
3. *As this is written, January 15, 1934, there is no possibility of predicting what the Michigan fruit crop will total in terms of pounds, or bushels or dollars for the 1934 season.*
 - a. Thus far winter conditions have been favorable and there has not been any winter injury serious enough to affect any of the fruit crops.
 - b. On the other hand, there is a 65 to 80 day period ahead during which winter injury may occur and following is another 60 to 75 day period during which frost injury may occur.
 - c. Between winter injury or frost injury there is always the possibility of an entire crop of, say cherries or peaches, being destroyed.
4. *Markets should be able to absorb at a fair price average to full crops of most of Michigan fruits.*
 - a. This applies particularly to apples, pears, peaches, plums, raspberries and strawberries.
 - b. This does not, however, hold true for cherries or grapes. If a full crop of either of these fruits is produced, chances are that prices will be too low to be profitable.
 - c. Only sound recommendation to give to growers of any of these fruits is to follow good cultural practices so that high quality products can be produced.
5. *Michigan growers should go slow in increasing plantings of any fruit.*
 - a. It is probably unwise that any additional plantings of cherries and grapes be made.
 - b. Limited additional plantings of other fruits are warranted only where environmental conditions are very favorable and where it is known that the present market outlets will absorb larger quantities.
 - c. Plantings of adaptable fruits sufficient for family use are nearly always to be recommended regardless of market conditions.

VEGETABLE CROPS

1. *The Situation last year.*

- a. The production of the 17 important truck crops declined about 10 per cent in 1933 from the record production of 1932. This was the first interruption in the increase in the vegetable industry since 1928.
- b. Smaller acreages and reduced yields in the second early and intermediate states helped to create a fairly good price level for early producers in Michigan.
- c. From 1929 to 1932 prices of the 17 truck crops declined approximately 40 per cent. Prices of vegetable crops in the country as a whole averaged about 10 per cent higher in 1933 than in 1932. Most of this advance however, came late in the season.

2. *Prospects for 1934.*

- a. Due to favorable early prices in 1933 and the small carry over of storage supplies the second early and intermediate states will probably increase their acreages in 1934.
- b. If yields are normal, with this acre increase, early prices will probably not be as high in 1934 as they were in 1933.
- c. On the other hand, the more optimistic outlook in the industrial field, reemployment, and increased consumer demand, should react, favorably to Michigan growers.
- d. Furthermore, prices still will not be high enough to justify large shipments into Michigan, at present freight rates, from the south and far west.
- e. Individual commercial growers looking for a cash crop must produce higher quality to offset the probable increase from stimulated plantings.

SUGGESTED ADJUSTMENTS ON FARMS

The present distressed condition of agriculture continues to be largely one of price disparity between agricultural and non-agricultural products caused largely by the business depression and the big decline in the general price level. Thus, the major relief for agriculture is largely outside of the control of the individual farmer insofar as the organization and operation of his business is concerned.

Since, however, the unfavorable situation exists, farmers must find methods of adjusting their farm business to minimize the influence of the unfavorable price and business situation. This part of the report presents suggestions which may be of value on individual farms in obtaining the highest net farm income possible under present conditions. While these

suggestions will not apply to all farms, there are usually at least one or two things that may be done on most every farm to increase its general efficiency.

Farmers who participate in the wheat and in the corn-hog reduction programs will be required to make certain adjustments in their farm organization in accordance with their signed contracts. Other adjustment programs may follow which will necessitate other changes in the farm organization. Thus, the adjustments which may be made on these farms are more limited in scope and number than would otherwise be the case.

1. Maintain or increase the volume of business per acre.
 - a. Keep enough livestock to balance the crops program and to utilize the available labor and buildings.
 - b. Maintain or increase production per animal by relatively cheap methods. This may be done by culling out livestock where replacements can be made with better animals and by reducing death losses at birth and by following other good livestock production practices.
 - c. Take advantage of any opportunity to increase the farm income through sources outside of the farm business, such as labor off the farm, etc.

2. Good crop yields per acre increase the farm income.
 - a. Yields of crops other than wheat may be increased. Wheat yields per acre are not to be increased by farmers who signed wheat reduction contracts.
 - b. Crop only the best land. Pasture the remainder.
 - c. Improve pastures on good land by use of alfalfa, sweet clover, or sudan grass and by the use of commercial fertilizer.
 - d. Use high quality seed of approved varieties.
 - e. Treat seed to control disease. This is one of the cheapest means of increasing yields and improving quality.

3. Reduce operating expenses.
 - a. Do more home repair work. The prices of farm machinery and repair work are still high compared with farm wages and prices of farm products.
 - b. Purchase supplies in quantities for cash and obtain discounts.
 - c. Make increased use of home-grown feeds, especially alfalfa and other legumes.

4. Market products effectively.
 - a. Produce high quality fruit, vegetable and livestock products in order to compete with producers from other states.
 - b. Grade products carefully to obtain price premiums.
 - c. Use cooperative organizations for buying and selling.
 - d. Sell direct to consumers, to retail stores or from roadside stands.
5. Obtain more food from the farm for the family's living.
 - a. The cash outlay for living expenses may be reduced through liberal use of fresh and home-cured meats, fresh and home-canned fruits and vegetables.
6. Adjust farm debts.

Farmers burdened by debt charges should take advantage of the facilities afforded by the Farm Credit Administration for refinancing their obligations at lower interest rates.

 - a. Refinance farm mortgage when possible with the Federal Land Bank through the local Farm Loan Association.
 - b. Production credit loans may be procured through local Production Credit Associations.
 - c. County Debt Conciliation Commissions are now set up in each county to help in individual debt adjustment.
7. Plan and study the Farm Business through the use of Farm Accounts.
 - a. Farm Accounts show the sources of the receipts from the farm business and also what each enterprise contributes to the gross income.
 - b. Farm Accounts show what the expenses are for and may aid in reducing operating expenses.

