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## The Nebraska Agricultural Outlook for 1938

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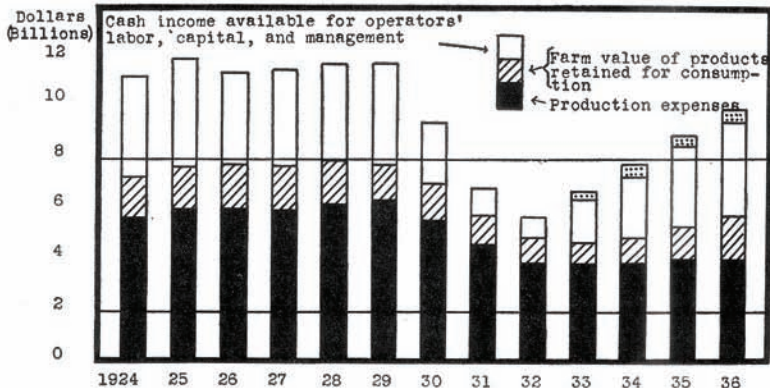
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# The Nebraska Agricultural Outlook for 1938



## DISTRIBUTION OF GROSS INCOME FROM FARM PRODUCTION, 1924 TO DATE

Includes value of products consumed on the farm as well as cash income from products sold. Expenditures for production increase less rapidly than income in periods of recovery; hence the remainder available for labor, capital, and management increases more rapidly. Government payments are shown by dotted segments of bars at right. (Data from U. S. Department of Agriculture.)

University of Nebraska Agricultural College Extension Service and  
United States Department of Agriculture Cooperating

W. H. Brokaw, Director, Agricultural Extension Service, Lincoln, Nebraska

## FOREWORD

Each year the federal government gathers data relating to agriculture through the various departments of the United States Department of Agriculture. These data are classified and analyzed by the Bureau of Agricultural Economics at Washington and all information which may be helpful to farmers is published. For several years it has been the policy of the Department of Rural Economics and the Agricultural Extension Service of the College of Agriculture, Lincoln, to select from the federal information facts which may be especially helpful to Nebraska farmers. These facts and other economic conditions in Nebraska are published this year as the Agricultural Outlook for Nebraska, 1938. The Outlook should be helpful in the marketing of the crops and livestock on hand. It should also be helpful in making farm plans for 1938.

November, 1937

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# The Nebraska Agricultural Outlook for 1938

## DOMESTIC DEMAND

AT NO previous time in the past four years has opinion upon the probable demand for farm products during ensuing months been so divided as in recent weeks. The reason for the division of opinion is the failure to agree upon the seriousness of the business recession upon which the nation has now entered. Some persons believe that this is merely a minor swing in the business cycle and that business will go forward rapidly after minor adjustments have been made. Other business forecasters fear that the down swing may continue for some time and may prove to be a major depression.

The Bureau of Agricultural Economics in its annual Outlook adopts an attitude between these two extremes. "The demand for farm products," according to the Bureau, "will not be as favorable in 1938 as in 1937. . . . Although it is impossible to determine definitely to what extent the present depression will continue into 1938, the chances appear to be against a sufficiently early and vigorous rise in 1938 to bring the average of industrial activity and of consumer incomes for that year up to 1937."

The demand for farm products is determined in part by industrial activity. An increase in industrial activity is accompanied by an increase in the demand for farm products, and conversely a decrease in industrial activity is accompanied by a decreased demand for these same products. Cotton, wool, leather, corn, wheat, soy beans, flax seed, and various other commodities are important raw materials. The more active the manufacturing plants, the greater the quantity of raw materials used.

Industrial activity means increased employment for labor. Employed laborers buy more food and clothing than unemployed men and this likewise increases the demand for farm products. A severe business depression with resultant unemployment is certain to result in decreased demand for nearly all farm products.

It is estimated that industrial production in 1937 will be about 10 per cent higher than in 1936 and about 15 per cent higher than the 1923-25 average. When population increase is considered the per capita production in 1937 will probably be slightly higher than in 1923-25. The Bureau of Agricultural Economics predicts, "It will probably average lower in 1938 than during 1937, since the unfavorable factors in the situation seem to outweigh the favorable ones. Conditions during the second half of the year probably will be more favorable than in the first half. The national income for 1938 is expected to be below the level which prevailed in 1937, tentatively estimated at about 69 billion dollars."

Production in many lines has been materially curtailed in recent weeks. Steel mills at the beginning of November were operating at less than 50 per cent of capacity as against more than 91 per cent last spring and 73 per cent in October, 1936.

Cotton mill operations have declined materially since last spring, but the volume of new business booked has increased recently. The demand for wool goods for manufacturing men's clothing has declined. Production of footwear in September was about 20 per cent below last March and 10 per cent below September of last year.

The trend of building activity is not encouraging. The value of construction contracts awarded in September was about 12 per cent below a year ago. The greatest decline has been in residential construction. For the past three months of the year contracts for residences were about 87 per cent above the corresponding months for 1936, but for September were nearly 19 per cent below. Although building construction during the first half of the year was materially higher than in the first half of 1936, it was only about one-half of 1929. The failure of the building industry to respond to the needs for more housing is undoubtedly due to a considerable extent to high building costs.

Among the reasons that are assigned by various commentators for the decline in business activity, the following are worthy of note:

1. The natural swing of the business cycle. A period of activity is always followed by a period of recession.
2. A decrease in government spending.
3. Increasing costs of production.

The increase in wages in the steel industry was followed quickly by an increase in steel prices. This affected industries using steel and has undoubtedly raised the price of hundreds of commodities.

Any wage change which affects the cost of the product to the consumer influences consumption. A decrease in hours of labor in a given industry, without a corresponding decrease in weekly wages, raises prices and decreases the quantity of the product that consumers will buy. The workers in the industry affected perform less labor, but as a result the workers in other industries have fewer goods.

4. High taxes, including payments for social security.
5. Lack of confidence on the part of investors and business executives.
6. Increase in public debts.
7. Low purchasing power of agriculture.

It is well known that one of the reasons for the severity and long continuance of the depression which began in 1929 was the low purchasing power of farm products during the years following the depression of 1920-21. Although industrial efficiency increased during this period, business prospered, and the real wages of most groups of workers increased, at no time during the period did agricultural products have as high a purchasing power as in pre-war years. In other words, a part of the prosperity of the other groups which enter into our national economy, was the result of decreased prosperity for agriculture. As a result of the long continuance of the unfavorable price ratio, purchases by farmers declined, and during the depression have been quite largely limited to absolute necessities. This has resulted in the unemployment of workers who normally would be

manufacturing and marketing the many products which farm families wish to buy.

It is well to remember that the general price level is of much less importance to national prosperity than the relationship which exists between the purchasing power of the various groups of workers.

The purchasing power of farmers has not reached pre-war parity since 1920. It is particularly low in Nebraska and other states where the drouth has been most severe. We cannot hope for complete economic recovery until this maladjustment is rectified.

H. C. F.

### FOREIGN DEMAND

THE Bureau of Agricultural Economics summarizes the probable foreign demand situation, in part, as follows:

"Foreign demand for American agricultural products is expected to show little, if any, improvement in 1938. The current military operations in the Orient are resulting in a reduction in our trade with that area. Due partly to shorter supplies of some commodities in foreign countries and larger supplies available for export in the United States, however, the volume of agricultural exports from this country during the remainder of 1937 and the first half of 1938 is expected to be materially larger than a year earlier.

"The situation in regard to supplies of agricultural products in foreign countries this year is more favorable to exports of these products from the United States than it has been for a number of years. Except in the case of cotton, foreign production of most agricultural products competing with United States agricultural exports is expected to be smaller during the current marketing year than was the case during last season. Canada has just harvested one of the poorest wheat crops in years. Supplies of grain in the Southern Hemisphere are at a low level and prospects in that area are for a wheat crop about 10 per cent smaller than the crop harvested last year. In Europe, grain supplies have been reduced, livestock production is declining, and the fruit crop is smaller than the average-size crop harvested in 1936.

"The volume of total trade in 1936 was 5 per cent larger than in 1935, and during the first quarter of 1937 it was more than 12 per cent larger than in the corresponding period of 1936. Barring new and unforeseen complications in international relations, some further improvement in world trade during 1938 is possible. Increased activity in the industrial countries and rising internal prices (unless offset by changes in exchange rates) tend to encourage imports, particularly of raw materials. The rise in prices of important raw materials and the increased quantity entering international trade during the last year or two have greatly improved the purchasing power of those countries that are large exporters of these products. . . .

"Industrial activity in foreign countries continued to improve through the first part of 1937. In 1936, activity was 9 per cent higher than in 1935

and during the first six months of 1937 was 10 per cent higher than in the corresponding period of 1936. Indications point to a leveling off during the latter half of 1937, although few specific data are yet available.

"A very important though unmeasurable part of the improvement in world industrial activity and world trade during the past year or more has been due to rearmament. A continuation of rearmament programs would help to maintain world industrial production and world trade in 1938 at relatively high levels.

"The improvement in industrial activity and world trade has taken place in the face of relatively high trade barriers and has in itself contributed to some reduction in these barriers. During the past year there have been a number of reductions in import duties and charges and a loosening of quantitative control of imports in several countries. For example, most European importing countries have reduced their import barriers on wheat, and France and Italy made reductions in import duties on a number of products coincident with currency devaluation. An example of more general progress in this direction is the new Oslo convention whereby the Netherlands, Belgium, Luxemburg, Denmark, Sweden, Norway, and Finland agree to reciprocal reduction of quantitative import restrictions and agree not to increase certain tariffs. This agreement is open to other countries. Another outstanding example of influences in the direction of lower world trade barriers is to be found in the trade agreements program of the United States. Some further relaxation of trade barriers is in prospect during 1938-39, partly because of the sheer need of countries for each other's products.

"It must not be overlooked, however, that a strong tendency toward self-sufficiency in a number of countries continues to exist. Germany and Italy furnish the outstanding examples. Moreover, the United Kingdom, the world's largest importer of agricultural products, continues to promote an expansion of domestic production, particularly of wheat.

"Probably the most uncertain element in the foreign demand situation and one that must be reckoned with for the immediate future at least is the military conflict in the Orient. The effect of this conflict on our foreign trade depends to a considerable extent upon how effective a blockade of Chinese ports can be maintained and on the extent and duration of military activities. The destruction of Chinese cigarette factories and cotton mills will, of course, lessen the ability of that country to utilize American tobacco and cotton."

H. C. F.

### PRICES

THE Bureau of Agricultural Economics is in agreement with the commonly accepted belief that the level of wholesale prices in the United States will be lower on the average in 1938 than in 1937. It is anticipated that lower prices for raw materials, farm products, and some kinds of manufactured goods will more than offset the higher prices that have been announced or apparently are in prospect for some lines of finished and



unfinished products such as steel and automobiles. The recent increase in the wages of railway employees will probably be followed by an increase in freight rates, which will be passed on to consumers in increases in retail prices. An increase in the rates on livestock and grain will undoubtedly affect adversely the prices paid farmers for these commodities.

Prices of most non-agricultural products advanced sharply in late 1936 and early 1937, owing to increased business activity, higher wage rates, and forward buying in anticipation of labor troubles and advancing prices. Since April, prices of most manufactured products have advanced more slowly and have been offset in part by declines in prices of textiles, chemicals, and drugs. Unless or until wages, taxes, and other costs are increased further a large part of the rise in manufacturing costs may already have been reflected in wholesale prices. Lower prices for many raw materials and increases in labor productivity may result in lower prices for some non-agricultural products.

The general level of farm prices reached its recovery high in January, 1937, at 131 per cent of the 1910-1914 average. At that time the prices paid by farmers for commodities used in living and production were 130 per cent of the 1910-14 prices. Farm products, on a price basis, had a purchasing power of 101. This must not be taken as an indication that farmers as a group had greater purchasing power than in pre-war years. The high price of corn, barley, wheat, hogs and various other commodities was due to the fact that farmers had very little to sell. Nebraska farmers, for example, were handicapped by the high price of corn because they were buying molasses, corn, and other feeds at a high price to feed their stock.

In September the index number of farm prices was only 118 and material decreases in the price of wheat, corn, hogs, and various other farm products have occurred in the last six weeks. It is anticipated that farm prices will average materially lower in 1938 than in 1937.

The index of prices paid by farmers for goods purchased stood at a high point of 134 in April, May, and June. It had declined to about 130 in September. A lower index of prices for commodities purchased by farmers is not anticipated during 1938. With materially lower prices for farm products in prospect and the possibility that the price of some goods will be even higher because of high labor costs, the purchasing power of farm products will doubtless be lower in 1938 than in 1937. The change in ratio will probably be wide enough to more than counterbalance any increase in the quantity of farm products marketed, so the buying power of national farm income will be lower in 1938 than in 1937.

The Bureau of Agricultural Economics makes the following statement concerning benefit payments, "Income from government payments under existing legislation, including those of cotton producers on account of the crop for 1937, will be greater. Taking into account both income from marketings and government payments, cash farm income in 1938 may be somewhat less than in 1937."

The price situation may be summarized by stating that farmers as a group have not enjoyed pre-war purchasing power since the spring of 1920. Present indications are that they will be farther from this desired goal in 1938 than in 1937. Farmers will probably not attain pre-war purchasing power until the goods which they purchase sell at lower prices. Any material reduction in the prices of many of these goods is probably dependent upon a freer play of price-making forces than is now in evidence.

H. C. F.

### CREDIT

THE volume of short-time credit required by Nebraska farmers in 1938 is expected to be larger than in 1937, chiefly because of increased demand for livestock loans in the eastern counties where crop yields favor feeding, and to drouth conditions over a large part of the remaining area of the state. In counties suffering from drouth, borrowing will be limited largely to amounts absolutely necessary to maintain livestock and carry on essential farm operations. However, credit needs in these areas will be great because of prolonged neglect of equipment and improvements and heavy losses in workstock during the fall of 1937.

According to press reports, loans on corn will be available from the Commodity Credit Corporation on the basis of 50 cents a bushel for grain with 14½ per cent or less moisture. Unfortunately there will be very little Nebraska corn to offer as security except in extreme eastern counties.

The Farm Security Administration provides loans similar to those formerly made by the Resettlement Administration. This program includes standard rehabilitation loans for financing small farmers, emergency rehabilitation loans to farmers affected by drouth or other disaster, and community and cooperative loans for establishing group services.

While outstanding short-term loans to farmers from commercial banks are higher at present than on December 31, 1936, excess reserves and readily salable investments of country banks are sufficiently large to afford the basis for an appreciable further expansion of loans. There should be no general stringency of credit from this source where security is adequate.

Production credit associations and other agencies, such as agricultural credit corporations and livestock loan companies which rediscount agricultural paper at the Federal Intermediate Credit Banks, are likewise in position to provide credit for sound agricultural loans. No appreciable change in interest rates on short-time loans is anticipated in 1938.

The volume of new farm mortgage loans in 1938 is expected to be light in view of the reduced demand for emergency refinancing and the present small number of farm real estate sales.

Estimated total farm mortgage debt was about 7.3 billion dollars on January 1, 1937. During the first half of the year there were decreases in outstanding farm-mortgage loans of all principal lending agencies except commercial banks. The increase in the case of banks is in part seasonal, reflecting the use of real estate security for crop production loans.

Improved farm income in Nebraska this year, in the areas where crop yields were good, will make it possible to meet interest payments and in some instances to reduce mortgages. In those areas suffering from drouth, collections on these items will likely be slow.

The Farm Security Administration is now entering upon a program of financing the purchase of farms for tenants in accordance with the provisions of the Bankhead-Jones Farm Tenant Act of July 22, 1937. A total of \$9,500,000 is available for this purpose, an additional \$500,000 being provided for administrative expenses. About 2,000 to 2,500 farms will be purchased. The sum of money going to any one state is allotted on the basis of farm population and the prevalence of tenancy. The number of farms to be purchased in any state will be very small in proportion to the tenant population.

Available data on farm mortgage recordings indicate a continuation of increased activity in farm mortgages by private investors. There will be no shortage of money seeking sound investment in 1938.

Past experience indicates that expansion of indebtedness on too large a scale frequently leads to future difficulties for farmers. Absence of stringency in available funds in both short-time credit and in farm mortgages may lead to overborrowing. If short-term credit is used to expand production, it should not be overlooked that the loans fall due within a relatively short period. Unless farmers are prepared to pay these loans when due, they run the risk of being forced to sacrifice livestock or equipment that is needed in their farm operations. Amounts borrowed for the purchase of farms should be consistent with the prospective earning power of the land over a period of years with some margin of safety to protect against years of low prices or unfavorable weather conditions.

F. M.

### FARM LABOR AND WAGES

THERE was a downward trend in farm wages with board from 1929 to 1933 and then a tendency for wages to increase up to 1936. At the beginning of that year, however, wages for farm hands had reached only 70 per cent of the 1925-29 level. There was a decrease in the number of farm workers almost every year from 1929 to 1936. Other industries paid higher wages than agriculture and farmers saved labor through the use of larger machinery and larger power units and, as a result of these two influences, the number of farm workers has not yet been adjusted to the demand for these workers. The farm wage, although partially adjusted, is still out of line with farm income in some sections of the United States. Nebraska has suffered from two consecutive poor crops and affords, therefore, a good example of slow recovery of farm wages. On January 1, 1936, for every 100 jobs demanding workers there were 180 agricultural workers. One year later, January 1, 1937, the situation was slightly worse, for there were 182 workers for every 100 jobs in the state. A moderately good wheat crop brought a better condition and there was a surplus of only 15 workers for every 100 jobs on July 1, 1937. But a corn crop failure reversed

the trend of employment and on October 1, 1937, there were 146 workers for every 100 jobs and wages had reached about the average of the United States.

With more favorable crop conditions Nebraska farm hands may anticipate a slight rise in wages for 1938 over 1937. The increase may amount to from 10 to 15 per cent, but the purchasing power of farm wages will probably be somewhat less than for 1937. With the tendency of wages to rise, there will also be a tendency for farmers to turn to a greater use of farm machinery and power. As a result of these competitive factors, it is likely that the numbers of workers and jobs will not find complete adjustment even with favorable crop conditions.

The following table shows monthly farm wages with board for both the United States and Nebraska:

Year	Jan. 1	April 1	July 1	Oct. 1
Average for the United States				
1925-1929.....	\$32.27	\$34.37	\$35.62	\$35.65
1936.....	18.54	20.89	22.07	22.51
1937.....	20.68	23.38	25.28	25.51
Average for Nebraska				
1936.....	20.00	24.00	26.25	23.50
1937.....	20.75	25.00	27.00	25.75

By way of a summary for 1938 it may be stated that Nebraska farm workers may anticipate slightly higher wages, slightly greater numbers employed, a decrease in purchasing power of wages, and a stronger competition between the use of farm labor and farm machinery.

A. W. M.

### FARM EQUIPMENT

THE sales of farm machinery in 1937 are expected to be approximately 90 per cent of the sales in 1929. This does not mean that the economic condition of agriculture in 1937 was as favorable as in 1929, but rather that farmers will be replacing to a large extent worn-out equipment as a matter of necessity. The index of farm machinery prices in June, 1937, was the same as in 1929, while the price of agricultural commodities was 15 per cent lower.

Undoubtedly farm machinery prices will be higher in 1938. Wages in the manufacturing industries are 16 per cent higher than in 1929, which with an increase in the cost of materials will result in higher prices in 1938. Because of the inevitable increase in price and the rather liberal purchases by farmers in 1937 it is doubtful if the 1938 sales will exceed those of 1937. A large proportion of the equipment sold will be of the power type, due to recent developments in the farm machinery field in spite of a 3 per cent higher price in tractors over the 1929 price. The trend is quite definitely toward rubber-tired equipment, which is also an important element in the increase in the price of machinery.

Electric service to farms has increased rapidly. The number of farms connected with electric service in 1937 will exceed the estimate made a year ago by 250,000. By the end of the year nearly 20 per cent of the farms in the United States will be using electricity in some form, not including those with individual plants. Even greater progress is likely in 1938 because of the development of projects by the Rural Electrification Administration and of power companies who were pioneers in the field of rural electrification. During the year ending June 30, there was a 12 per cent increase over that of the previous year in the number of farms using electricity provided by private power companies alone. The increase in Nebraska was 8 per cent.

The price of building materials is increasing. Lumber prices in June, 1937, were 24 per cent higher than a year earlier, while other material such as brick, tile, and cement were only 6 per cent higher. Prices of building materials to farmers have not increased as fast as the wholesale price of these materials because of the heavy stocks carried by retail lumber dealers. With an increase in the wage rate of both farm labor and builders, the construction costs on farms will be higher in 1938.

L. F. G.

## WHEAT

**M**OST factors indicate a larger world supply of wheat for 1938 than 1937 without much indication of an increased demand. The acreage to be seeded will again be large and with average or near average yields the production will be sufficient to build up large carry-overs similar to the carry-overs that were built up in 1928-32. An average production on the acreage to be seeded without an increase in demand would bring about considerably lower prices of wheat on Nebraska farms.

Short crops in one or more principal wheat-producing countries since 1933 have brought world supplies closely into adjustment with world requirements at the present time. The United States had comparatively short crops in 1933, 1934, 1935, and 1936, with an average production for the four years of only 582 million bushels. This was 250 million bushels less than the 1923-32 ten-year average, and about 80 million bushels less than our normal domestic requirements.

Other important wheat-producing countries have also experienced one or more years of very short crop since 1933. Last year Canada had the smallest yields in her history and the yields in Argentine were below average.

The Nebraska production has followed closely the trend in the United States since 1932. The acreage has increased but because of low yields the production has been low. The shortest crop was in 1934 with only 16,680,000 bushels.

The 1937 wheat crop in the United States is estimated at 887,000,000 bushels, which is about 200,000,000 bushels more than domestic needs. Our hard wheat is now on an export basis for the first time in the past four years and our price is below the Liverpool price. The world produc-

tion is estimated at 3,809,000,000 bushels, which is only slightly under the average of 3,830,000,000 bushels from 1928 to 1932.

The chances for exporting a part of our surplus production depend on several factors. Tariff restrictions have been relaxed in a few countries but most countries now have wheat monopolies or semi-official organizations that control the domestic and foreign trade in wheat. These monopolies and organizations are becoming as effective barriers to trade as were

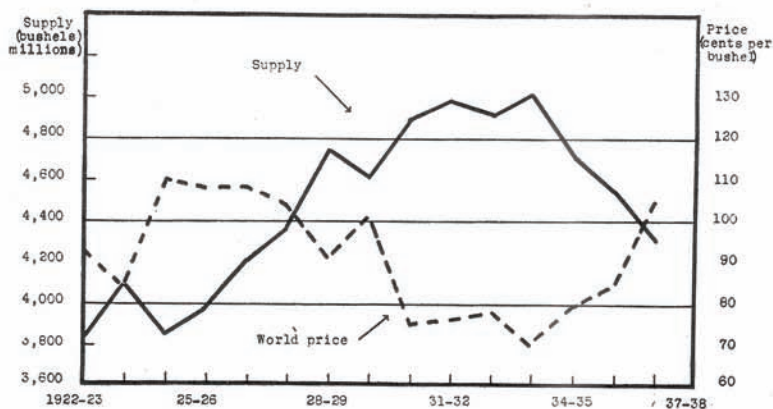


FIG. 1.—The world supply and price of wheat from 1922-23 to the present. (Year begins in July. World price is average of British parcels deflated by statistical index, 1910-14=100. Data from U. S. D. A.)

tariffs, mixing regulations, and milling quotas. There is also a probability that European acreage will increase in 1938 if conditions at seeding time are favorable and it is not probable that yields will be as low as last year.

This year the United States may be able to export about 95,000,000 bushels of the 200,000,000 bushels surplus but to date has been able to export only 17,000,000 bushels. Exports have been curtailed by an extreme shortage of ocean shipping space that has resulted in the highest shipping rates of recent years. The threat of large shipments from Soviet Russia as well as the cheaper offerings from other countries have also been important factors.

Poor quality of wheat is another factor that is tending to curtail our exports. A large proportion of the hard red winter and hard red spring wheat is light in test weight and is falling into lower grades. There is need to improve the quality of wheat in the United States that is offered for export.

With a probable consumption of about 693,000,000 bushels this year and exports of about 95,000,000 bushels we will increase our carry-over for July 1, 1938, by about 100,000,000 bushels over July 1, 1937.

The acreage of wheat to be seeded in the United States for 1938 harvest is expected to equal the 81,000,000 acres seeded for 1937 harvest. This was

the largest acreage on record and with a yield of 11 bushels (1.9 bushels less than average) produced a very large crop.

The present condition of seedings is about the same as a year ago and unless we have another severe drouth or other calamity we will again produce a surplus above domestic needs. Nebraska also had a record-breaking acreage of 4,447,000 a year ago and promises another large acreage this year.

G. E. H.

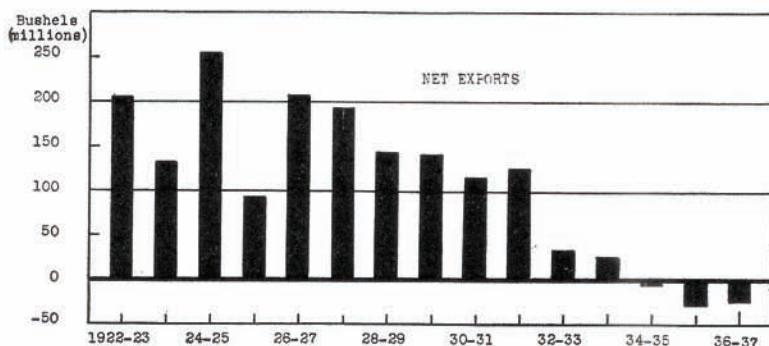


FIG. 2.—Net exports of wheat from 1922 to the present. (Year begins in July; in last three years imports exceeded exports. Data from U. S. D. A.)

### COTTON AND COTTONSEED

**N**ORMALLY the cotton-producing states buy Nebraska beef, pork, lard, wheat products, and work stock, paying for them either with cotton goods and cottonseed or with money received from the sale of these products in other markets. Because of this exchange relationship Nebraska farmers are vitally interested in the cotton crop.

Domestic production in 1937 is estimated at 17,600,000 bales of 478 pounds each. This is the second largest crop in history and represents an increase of 42 per cent over 1936 production.

The supply of commercial cotton produced in foreign countries this year is expected to total about 20,100,000 bales. The crop is approximately 1,800,000 bales larger than production a year ago, which was the record high up to that time. It is about 9,200,000 bales or 84 per cent larger than the 1928-32 five-year average. The increase in foreign supplies is accounted for by larger production in China, Russia, Brazil, and a number of other countries. Production in these countries has expanded while American acreage has been reduced. The net result is an estimated world supply of 50,800,000 bales for the 1937-38 season, which includes a carry-over of about 13,100,000 bales, or 15 per cent larger than the record supply of the previous season and 12,100,000 bales or 31 per cent larger than the five-year (1928-32) average.

World consumption of cotton reached a new high point last year, but consumption of American cotton outside the United States was 15 per cent below the previous year and 30 per cent lower than the average for the five years ending in 1933.

In 1937-38 the total consumption of cotton is expected to be about the same or slightly lower than in the previous year. War between Japan and China will probably decrease demand for raw cotton in the Orient but this will be offset somewhat by increased shipments to Europe to supply markets relinquished by the warring countries.

Increased supplies with steady or slightly decreased demand indicate lower prices throughout the coming season. Reactions to the unfavorable supply-demand relationship have already taken place. Cotton prices in 10 principal American markets declined from a peak of nearly 15 cents a pound toward the end of March, 1937, to below 8 cents early in October. Reasons for this sharp decline were the increase in cotton supplies as a result of record world production, anticipated decrease in mill consumption from the record high of the previous season because of increased stocks of cotton textiles, and market decline in prices of many other commodities and of securities.

Because of the low price a loan plan for cotton was announced by the Commodity Credit Corporation on August 30. The plan was modified on October 4 and now provides for loans of 9 cents a pound on cotton grading seven-eighths-inch middling or above with smaller loans on lower grades. Provision is also made for price adjustment payments on the 1937 crop equal to the difference between 12 cents per pound and the average price of middling seven-eighths-inch cotton in 10 designated markets on the day of sale. Total payments on such adjustments cannot exceed three cents a pound.

Gross farm income from the 1937 domestic crop, including government loans, price adjustment, and conservation payments with respect to cotton, is expected to equal or exceed that from the 1936 crop. But the long-time outlook is not bright. In the past, nearly 60 per cent of our total cotton production was sold abroad. During the 1936-37 season, a decline in the consumption of United States cotton took place in practically all foreign countries using significant quantities of American cotton. On the other hand, consumption of foreign stocks showed a marked increase in most of these countries. Decrease in consumption of American cotton abroad and increased use of foreign supplies, resulted in American cotton declining from an average of 41 per cent of the total mill consumption outside the United States in the 5 years ending in 1933 to 23 per cent in 1936-37.

The 1938 United States acreage goal under the agricultural conservation program has been set at about 28,000,000 acres. With yields equal to the average of the last four years, this acreage would give a crop of about 11,300,000 bales which is 3,350,000 bales above the all-time record consumption of cotton in the United States, of both domestic and imported grades. It seems hardly possible to adjust cotton acreage to domestic needs



without complete reorganization of Southern agriculture. Lasting improvement in the situation is probably dependent upon opening foreign markets. This can be accomplished only by exchange of cotton for the basic production of other countries at price levels that will favor buying in American markets.

The supply of cottonseed in the United States in 1937-38 is expected to be 7,900,000 tons, which is about 44 per cent larger than in the previous season and 20 per cent above the average for the five years ending in 1935.

Because of a short crop of alfalfa and other legumes, Nebraska livestock producers are especially interested in the price of cottonseed meal and cake. Several important livestock areas that consume cottonseed products are more favorably supplied with feed than Nebraska. Consequently, prices of cottonseed meal and cake delivered in the state have declined somewhat more than 20 per cent below the average of a year ago. Cake from the new crop, 43 per cent protein, in carload lots, is being quoted around \$32.00 a ton in eastern Nebraska and about \$1.50 higher in the Sandhill range country (November 3 quotations). The price variation is due to a difference in the freight rates. A year ago the delivered carload price in the state was \$6.00 to \$8.00 a ton above present quotations.

Marked increase in the supply of competing feeds in areas where 1937 crop yields were good along with the large cotton crop is expected to keep prices of cottonseed meal and cake materially below those existing in 1936-37 throughout the current season.

F. M.

## POTATOES

THE potato crop for 1937 is estimated to be 399,000,000 bushels, the fifth largest crop on record, being surpassed only by the crops of 1934, 1928, 1922, and 1912. For each of the five large crops above indicated, the price received by farmers was less than that of the preceding or following year. In four out of five largest production years the acreage was larger than that of the preceding year. The large acreages have resulted from comparatively high prices for potatoes the immediate years previous.

The acreage planted to potatoes in the United States usually increases following a year or two of high prices and decreases following a year or two of low prices. When there is but one year of low prices, as was the case in 1928, the decline in acreage in 1929 was checked in part because of the influence of relatively high prices that existed in 1927, 1926, and 1925. Because of the relatively high price received by farmers for potatoes in 1936 the full effect of the low price in 1937 will likely not be fully felt in the 1938 acreage.

Yield per acre is sometimes more influential on the production than on the acreage planted. The estimated yield per acre for 1937 will average 125 bushels, which is over 12 bushels more than the ten-year average, 1923-32. If the yield for 1937 had been the average yield for the ten-year period, the total production would have been less than the average for the period and there would not have been such low prices for the 1937 crop.

Because the yield per acre in 1937 was one of the highest on record the potato producers will likely not expect a repetition of the 1937 yields in 1938, which will also be influential in the acreage to be planted in 1938. Large crops of potatoes mean low prices to producers. The following table indicates the supply price relationship of potatoes for the United States, New York, and Minnesota for the period 1895-1915.

PRICE COMPARED TO NORMAL WITH THE PRODUCTION AS INDICATED

Area	When production is			When production is		
	10% below normal	20% below normal	30% below normal	10% above normal	20% above normal	30% above normal
Percentages (normal=100 per cent)						
United States...	115	135	162	88	78	70
New York.....	117	138	...	87	77	68
Minnesota .....	121	150	192	84	72	62

Cornell Bulletin 466.

An increase of 10 per cent above the normal crop of potatoes means that the crop would sell at \$0.88 per bushel if the normal price were \$1.00. Also if the crop were 10 per cent below normal the crop would sell at 15 per cent above the normal price or \$1.15 per bushel. This same kind of relationship between production and price exists wherever potatoes are an important crop.

The relatively inelastic demand for potatoes means that usually small crops have a higher total value than large crops. In terms of dollars of equal value (1910-14 dollars), the five largest crops since 1910 had an average value of \$187,725,000 and the five smallest an average of \$306,380,000. The average production for the five low-value years was 411,571,000 bushels and for the five high-value years was 297,703,000 bushels. Our annual needs under present conditions are estimated at approximately 378,000,000 bushels, which with a ten-year average yield from 1923 to 1932 would require approximately 3,350,000 acres to produce. During the last 20 years this acreage has been exceeded 10 times, the excess being 6 per cent. For the 10 times when the acreage was below the 10-year average, the deficit was 8 per cent. This would indicate a little greater tendency to decrease acreage more drastically following a low-price period than to increase acreage following a high-price period.

From an analysis of all data available it appears that there will be a decrease in the acreage planted in 1938 in the southern states of around 11 per cent from the 1937 acreage and in the intermediate states of around 6 per cent. Because of the high prices in 1936 it is expected that the acreage in the late northern states in 1938 may be a little above that in 1937. In view of the fact that with normal yields the 1937 acreage would hardly be sufficient to provide for our domestic needs not much change from the 1937 acreage is expected for the country as a whole in 1938.

L. F. G.

### DRY BEANS

**I**NCREASED acreage and relatively high yields per acre of dry beans in the United States in 1937 resulted in an estimated production of approximately 14,340,000 bags. There was a carry-over of about 850,000 bags, bringing the total supply available for the 1937-38 marketing year to about 15,200,000 bags. This supply is 24 per cent larger than that of a year ago and 14 per cent larger than the past five-year average. The supply available for 1937-38 exceeds normal domestic requirements by about 3,000,000 bags.

As a result of the large domestic supply it is expected that imports will be relatively small for the coming year and the domestic requirements will be met from the domestic supply. Prices have declined sharply during the past recent months, as a result of the large available supply and will probably average much lower during the 1937-38 marketing year than they did in the 1936-37 year.

Because of the lower prices received for the 1937 crop the acreage planted to beans, particularly pea beans, Great Northern, baby Lima, and Blackeye, will probably be reduced materially in 1938. However, it is to be remembered that the high production in 1937 was due more to relatively high yields per acre than to an abnormally high planted acreage. If the same acreage were planted in 1938 as was planted in 1937, and normal yields were received, the total production would be about 12,000,000 bags, which with a carry-over from the 1937 crop would be more than sufficient to meet normal domestic requirements. A reduction of only five to ten per cent in planted acreage for 1938 would, with average yields and average abandonment, result in a new crop more closely in line with normal requirements.

The desirable adjustment in acreage will vary with varieties. Yields of pinto beans, produced largely in Colorado and New Mexico, were below average in 1937. Although the acreage for harvest of pinto beans was 25 per cent higher than for 1936, the smaller yields indicated only a slightly larger total production in 1937 than in 1936. An acreage of pinto beans for harvest in 1938, 15 per cent smaller than that for harvest in 1937 would with average yields, result in a supply more nearly equal to the normal requirements.

W. W. H.

### FEED CROPS AND LIVESTOCK

**E**STIMATES by the Bureau of Agricultural Economics at Washington place the number of grain-consuming animal units on farms at 104,000,000 for January 1, 1938. This is approximately the same as in the three years previous, but is 12 per cent less than the five-year average, 1929 to 1933. Supplies of feed grains are estimated at 0.93 ton per animal unit, which is the largest amount of feed grain per animal unit since 1933 and has been exceeded only in 1921 and 1926 during the last 17 years.

Corn production is estimated at over  $2\frac{1}{2}$  billion bushels, which is a little above the average for 1928 to 1932 and one billion bushels above the 1936 crop. Most of this corn crop is found in states east of the Missouri river. Low reserves of old corn will necessitate holding more corn than usual for reserves. Consumption of corn is not likely to be heavy enough to prevent a considerable carry-over. European nations did not produce a normal crop of feed grains and may import some feed from the United States. This will depend upon whether or not corn prices are low enough to compete with rye, barley, and oats from Russia.

Oat stocks on October 1 were nearly normal and were 200,000,000 bushels greater than the amount on hand October 1, 1936. The 1937 barley crop is about 17 per cent below the 1928-1932 average as a result of reductions in acreage and yield. Grain-sorghum crops are estimated at 97,299,000 bushels, which is slightly below the 1928-32 average, but 75 per cent larger than the small crop of 1936. Less wheat and rye will be fed than in 1936-37 and much of what is fed will be light weight.

Production of mill feeds such as cottonseed cake, linseed meal, soy bean meal, shorts, and bran are expected to be more plentiful than in 1936-37. Imports of such feeds are expected to be reduced enough to offset much of the increased domestic production. The Bureau of Agricultural Economics estimates 3,540,000 tons of various high-protein feeds or an increase of 125,000 tons over last year. Prices of such feed should be about the same as in 1936.

Supplies of hay for each hay-consuming animal unit are estimated at 1.16 tons, which is more than in 1936 and but little under 1935. Small crops of timothy and clover hay in the eastern part of the Corn Belt have been largely offset by heavy crops of wild hay and alfalfa in the western Corn Belt. The quality of hay for the country is below average because of weeds and unfavorable curing weather in the states east of the Mississippi river.

Greater supplies of feed grains and hays together with about the same number of feed-consuming animals as a year ago should result in more profitable ratios of livestock to feed. These favorable ratios should continue for two or three years before livestock numbers will become large enough to drive livestock prices so low as to render the feeding of livestock unprofitable. Greater returns from feeds fed to livestock than from feeds sold on the market will tend to induce farmers to pay more for their feeder animals. This will react to the gain of the producer of such stock. Federal loans of 50 cents a bushel on corn will tend to fix the minimum price of corn. Competitive bidding for feeders by farmers who have their own corn, together with a minimum price of corn fixed at 50 cents, will require rather careful feeding by the feeder who must buy both feeder animals and feed.

Nebraska has about 4 per cent fewer cattle than a year ago. Hog numbers are about one-third of normal with many sections of the state almost entirely out of the hog business. Roughages suitable for carrying cattle

through the winter are available in most sections of the state where needed. Before the year is out the western three-fourths of the state will be on a shipped-in basis for corn. In such areas farmers who are compelled to buy corn can expect to pay a price equal to the 50 cents a bushel loaned by the government plus freight from the producer to the buyer's farm or an average of about 60 cents a bushel for the western part of Nebraska.

Oats and barley crops are about twice as large as in 1936, but are only two-thirds the five-year average for 1928 to 1932. Most of the grain sorghums that were produced in Nebraska in 1937 are located in the southern part of the state where corn production is light. It is estimated that the production of feed grains in Nebraska will be as follows:

Corn (for grain).....	49,000,000 bus.
Corn (for silage and fodder).....	34,000,000 bus.
Corn (for grain, silage, and fodder)....	83,000,000 bus.
Oats .....	39,000,000 bus.
Barley .....	10,000,000 bus.
Grain sorghums .....	1,500,000 bus.

The following graph shows grain-feed production in Nebraska for a period of 24 years.

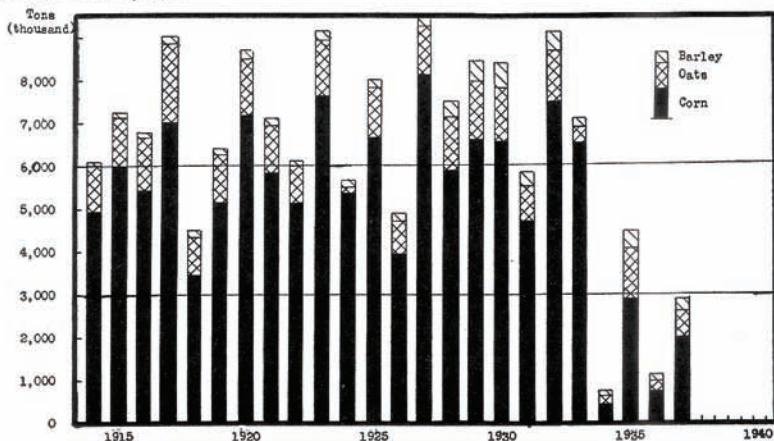


FIG. 3.—Feed grain production in Nebraska from 1914 to the present. Production was generally adequate for local needs except for the drought years. (Data from State and Federal Division of Agricultural Statistics; 1937 data preliminary.)

For the next year or two corn-hog ratios are expected to continue to favor the feeder. Considerable increases in numbers of hogs are to be expected during 1938. Because of the heavy reductions in number of hogs the shortage of corn is not expected to be so acute as in 1936. The dairy-men of Nebraska should find butter fat prices higher relative to feed prices during 1938. While prices of finished cattle will be lower than in 1937, they should be higher relative to the prices of feeds.

L. B. S.

## MEAT ANIMALS AND MEATS

**S**UPPLIES of meat animals and meats in 1938 are expected to be larger than they were in 1937. While meat supplies will probably be larger than in 1937, yet they will be smaller than normal. The increase in the supply of meats will be largely in the nature of pork and in the better grades of beef. The above statements refer to the situation in the United States as a whole and do not include poultry. In Nebraska there will probably be a decrease in the supply of beef and pork produced in 1938 over that of 1937, but the decrease will probably not be great.

Consumer demand for meat products for 1938 will probably be somewhat less favorable than in 1937 which with the increased supplies should result in lower meat prices for the year 1938 than occurred in 1937.

Hog numbers in Nebraska on January 1, 1937, were about 67 per cent less than the average for the 10-year period, 1926 to 1935. Probably the numbers on Nebraska farms on January 1, 1938, will be somewhat less than the 1937 figure. Pork production in Nebraska then in 1938 will probably be less than in 1937, especially during the first 8 months of the year. There is a probability that the last third of 1938 will show increased pork production over that of the same period in 1937. For the United States as a whole, hog slaughter will probably be larger in 1938 than in 1937. Not only will numbers be larger but hogs will probably be fed to greater weights because of generous feed supplies in most areas in the country and a relatively low supply of hogs. Lower feed prices and small numbers of hogs will prompt pork producers to feed to greater weights, since the hog-corn ratio will doubtless be much more favorable during 1938 than in 1937. More spring pigs will probably be raised in 1938 than in 1937, which would influence rather markedly the increase in pork supplies during the late months of 1938. With normal yields of feed grains it is expected that ample pork supplies would not again be available in this country before 1941.

For the United States the slaughter of cattle and calves in 1938 is expected to be smaller than in 1937. During the year 1937, cattle feeding was sharply reduced not only in Nebraska but throughout the entire country because of the high prices of feed coupled with its scarcity. During this time cows and heifers have been slaughtered to a much greater extent than will occur in 1938. It is not expected that steer slaughter will be greatly different from that in 1937, but the number of well finished grain-fed steers will probably be larger. More cattle feeding will occur in the area of the Corn Belt east of the Missouri river in 1938 because of ample supplies of corn and other feeds produced in that area in 1937. With larger supplies of feed in most parts of the United States, it is probable that there will be a tendency for stockmen to build up their herds and reduce the number of cattle marketed other than grain-fed steers. In Nebraska cattle feeding will probably increase somewhat but not very extensively because of the shortage of feed grain production, and there may be some further liquidation in foundation stock in limited areas because

of the feed shortage. Because of these conditions it seems reasonable to expect that the total beef produced in Nebraska in 1938 will be smaller than for the year just preceding.

The sheep and lamb supply in 1938 probably will not differ a great deal from that in 1937. Some sections of the country will do more sheep feeding in 1938 than in 1937 and others will do less. It is probable that sheep feeding in Nebraska will be about the same as in 1937.

A. G. G.

## HOGS

**H**OG slaughter in the United States for the marketing year October 1, 1937, to September 30, 1938, will probably be smaller than in the year preceding. It is probable, however, that hogs will be fed to heavier weights in the year ahead so that pork and pork products will be produced presumably in about the same volume as during the year 1936-37.

The spring pig crop in 1938 will likely be much larger than the spring pig crop of the year previous when the farrowings were 38,779,000 head. The spring crop for 1937 was 3,000,000 head smaller than the spring crop of 1936, about 6,000,000 head larger than the 1935 spring crop, and 1,000,000 head smaller than the 1934 spring crop. The 1937 spring crop was the smallest in a good many years, with the exception of 1935. The reduction in numbers for the most part occurred in the Corn Belt states and was due primarily to the short corn crop produced in that area.

Consumer demand for pork and pork products in 1937-38 will probably be less favorable than for the year preceding. This is expected because of an anticipated decrease in industrial activity and income during late 1937 and the first half of 1938. There are no indications that export demand will increase in the near future. The larger spring pig crop, together with fewer marketings but at increased weights coupled with a decrease in demand, will probably result in lower prices from October, 1937, to September, 1938, than obtained during the year preceding. At least it is not expected that prices will be any higher. In addition to this situation, in recent weeks there has developed a strong consumer resistance to high prices which is being reflected rather markedly in the meat markets, and this situation will have a tendency to force meat prices to a lower level.

As previously stated the spring pig crop in 1938 is expected to be larger than that of the year preceding. It is expected, however, that the fall pig crop of 1937 will be smaller than that of 1936. Most of this reduction will come in the Corn Belt and nearby states where the heaviest hog production occurs. This fall pig crop production is based upon indications given by farm reports for the June Pig Report. Indications since that time do not point to any probable increase, because of high feed prices during the late summer and short corn crop in the western part of the Corn Belt. While hog prices were high, yet the hog-corn ratio has been more unfavor-

able than average during this period of time. As mentioned above, hogs slaughtered for the year ahead will be fewer than for the year preceding, but average weights will be heavier so that the total pork supply should be about the same as during the year just closed.

The demand for storage supplies during the remainder of 1937 and the winter of 1938 is not expected to be as great as during the same period a year earlier. Storage stocks have decreased rather markedly during the spring and summer of 1937, so that at the beginning of October, 1937, storage stocks of pork were less than half as large as on March 1, and they were the second smallest for that date on record. Lard stocks on October 1, 1937, were below average and about 29 per cent smaller than a year earlier. On March 1, 1937, storage stocks of both pork and lard were above average, since there was a strong demand for storage supplies a year ago due to an expected increase in prices during the last half of 1937.

Exports of hog products so far in 1937 have continued near the low level of 1936 and have been much smaller than the exports of all post-war years prior to 1935. It is not expected that there will be any material increase in exports of pork and pork products in the year ahead, because of the anticipated small slaughter in this country and relatively high domestic prices compared to those in foreign countries. Import quotas have been set up by certain European countries such as Great Britain and Germany, the two chief buyers of pork and lard, but in the case of Great Britain pork imports from this country have not been sufficiently large to fill the quota allotted to the United States. Restrictions have been placed on lard importations by Germany so that practically no importations from the United States into Germany are permitted. At the present time Cuba is the second most important outlet for United States exports of lard because of tariff reductions by Cuba during the past few years.

Importations of pork in 1937 have been considerably larger than in other years and will probably exceed exports of pork and pork products for the first time on record. In spite of much larger imports in terms of percentage, the total imports are very small in relation to domestic production, being only about three per cent of the expected slaughter in this country. Since imports have been small in proportion to total domestic consumption they have exerted a very small influence on prices to producers. Prices have been high, and as stated above consumer resistance has developed to a considerable degree and if imports had been restricted and prices had therefore gone higher, this resistance would have been more severe.

Seasonal variations in hog prices in the year 1937-38 will probably be different from those in the year just closed. From October to December of 1936 hog prices were fairly steady, followed by a moderate advance in late December and early January. Prices changed little from February to April, but in late May prices advanced sharply, followed by further advances in July and the first half of August. Early August hog prices reached the highest level since 1926. For the year 1937-38 hog prices



started out at lower levels in October than they had been in the summer. It is expected that marketings in the first half of the year 1937-38 will be smaller than a year earlier and heavier later in the season than was true of 1936-37. This should result in higher prices in the first half of the present marketing year than in the last half of the past year, which was the reverse of what occurred in 1936-37.

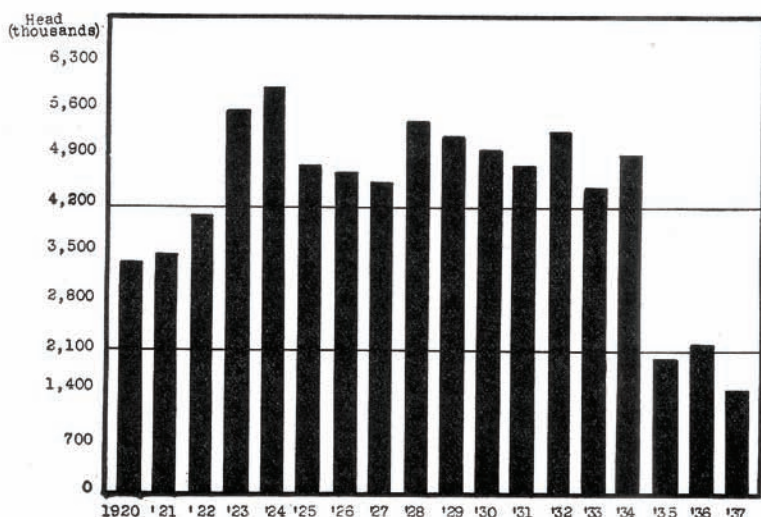


Fig. 4.—Hogs on Nebraska farms, 1920 to 1937. (Numbers as of January 1—from Nebraska Agricultural Statistics, 1930, and Nebraska Crop Reporter, 1937.)

Hog numbers on January 1, 1937, in Nebraska were slightly more than 1,500,000 head, which was about one-third as many as was found on farms on an average for the 10-year period 1926 to 1935. The spring pig crop in 1937 was not large, and it is unlikely that there will be any material increase in the size of the Nebraska spring pig crop in 1938 over that produced in 1937. It is highly improbable that the fall pig crop in 1937 will be much, if any, larger than that for a year earlier. These conditions, coupled with the very short corn crop, will prevent any material increase in hog numbers in this state in 1938. Prices of feeds will be lower than a year earlier and while prospective hog prices will also be lower, yet feed prices will fall more in proportion so that the hog-corn ratio will be more favorable in all probability during the year ahead than in the year just closed.

A. G. G.

#### BEEF CATTLE

THE slaughter of both cattle and calves in 1938 will probably be smaller than in 1937; steer slaughter will probably be about the same as 1937

with possibly a slight increase. Feed supplies for the country as a whole in 1938 will be larger than for the year preceding, and for this reason it is expected that the number of well-finished cattle for market in 1938 will be much larger than in 1937. Probably the greatest increase in marketings of finished cattle over 1937 will occur from May to October, 1938. Cattle will probably be fed to heavier weights in 1938 than for the year preceding, and this will offset in part the decreased numbers which will probably be slaughtered during the year. Beef supplies will probably be nearly as large in 1938 as in 1937 with a larger proportion of the meat being of the better grades.

Consumer demands for meats in 1938 will probably be less than for 1937, and this coupled with a supply of about the same as in 1937 will probably give lower prices on cattle than were obtained in 1937. The prices of cows and the lower grades of steers will probably average higher in the first half of 1938 than for the corresponding period of 1937, but the reverse will probably be true in the second half of the year. It is probable that the present unusually wide spread in cattle prices will narrow considerably during the next few months.

Cattle numbers at the beginning of 1938 will probably be slightly smaller than those of a year earlier. Probably the low point in the cattle cycle in numbers will be reached in 1938 unless adverse conditions occur during the year. The expected increase in cattle numbers during the next few years will likely occur largely in those areas of the country where numbers were greatly reduced on account of drouth and consequent feed shortages. The area most adversely affected by drouth includes the territory throughout the middle west, south from Canada to the Mexican border. There will be a tendency in this area to retain cows and calves for rebuilding herds as soon as the feed situation will warrant it. Cattle in feed lots in the Corn Belt states on August 1, 1937, were estimated to be nearly a third less than on the same date a year earlier. The decreases were general over the entire area with the greatest reduction in the western part of the Corn Belt. With an increased feed supply available for 1938 it is expected that many more cattle will go into feed lots in late 1937 and early 1938. It is expected that the cattle feeding situation in 1938 will be more nearly on a normal basis than in the present year when feed supplies were small. It is expected that marketings early in the year will include a large proportion of short-fed cattle while later marketings will include a greater proportion of well-finished steers. While margins between prices of feeders and finished cattle are not expected to be as wide as in 1937, yet with lower feed prices and no increase in beef supplies for 1938, it is expected that margins will still be sufficiently wide to stimulate considerable feeding with a fair prospect of making reasonable profits. Prices of stockers and feeders in 1938 will probably be at lower levels than was the case in the current year.

The imports of cattle and beef into the United States in the first eight months of 1937 were two per cent larger than those in the corresponding

period of 1936. Cattle importations were larger than for the year preceding, while those of canned beef were smaller. Total imports were about equal to five per cent of the estimated total dressed weight of cattle and calves slaughtered in this country during that period. The increase in cattle numbers imported was due to forced selling on the part of many Canadian and Mexican producers who were short of feed on account of drouth. Because of the hog shortage in this country and the smaller than average total supplies of available meats, cattle prices are likely to continue high in relation to those in other countries during the next few years. Under these conditions it is probable that imports may continue to be relatively large.

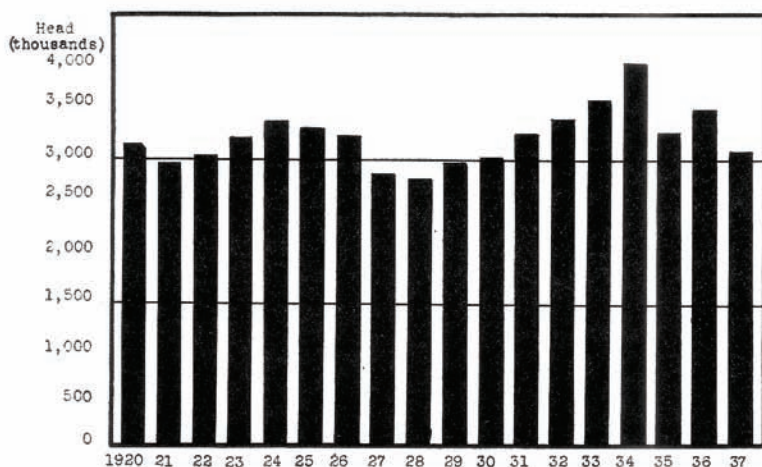


FIG. 5.—Cattle on Nebraska farms, 1920 to 1937. (Numbers as of January 1—from State and Federal Division of Agricultural Statistics.)

As was indicated above, it is expected that prices on well finished cattle will average lower in 1938 than in 1937. Prices of the lower grades of slaughter cattle will probably advance during the first half of 1938 and will average higher than for the corresponding period in 1937. During the last half of 1938 they may be lower than a year earlier. The higher prices in the first half of the year will result largely from the fact that there is a smaller number of cows and heifers and of the lower grades of cattle in the slaughter supply. While prices of cattle will probably not attain the extreme highs in 1938 that they did in 1937, yet it is not anticipated that there will be any marked lowering of the general price level of finished cattle for 1938 below that of 1937.

Cattle numbers in Nebraska have not decreased as much as for the United States as a whole. The numbers on hand January 1, 1937, showed a decrease of about  $4\frac{1}{2}$  per cent over the average number on hand during the 10-year period 1926 to 1935. There may have been some slight reduc-

tion in numbers during 1937, but it is likely that the decrease will be slight, if any, during the calendar year. Cattle numbers, however, have decreased rather markedly in south-central and southwestern Nebraska, and to a limited extent in eastern and northeastern areas. Decreases in these areas, however, have been largely offset by increases in the sandhill area. Cattle feeding reached extremely low levels in the state in 1937 and it is not expected that there will be a heavy increase in cattle put on feed in this state before the fall of 1938. Some sections of the state, however, have produced a fairly good corn crop and feeding operations will be carried on more extensively in these areas in the fall and winter of 1937-38 than was true for a year earlier. Whether or not extensive feeding operations will be carried on in late 1938 will depend largely upon corn production next year. The situation in the state regarding the profitableness of cattle operations will coincide closely with that for the nation as a whole. There will be some urge on the part of many to rebuild their cattle herds and this will be done as soon as feeds are available to make it possible.

A. G. G.

### SHEEP AND WOOL

THE 1937 lamb crop for the United States was estimated at 30,712,000 head as compared with 30,979,000 a year ago, and 30,124,000 for the 1931-35 five-year average.

The supply of fed lambs available for market for the December-to-April period may be larger than a year ago but the total supply for the year will probably be about the same. A larger part of the feeding will be in the Corn Belt states and for that reason fat lambs are expected to come to market earlier than a year ago. Prices in early December are expected to be as high as or higher than a year ago, but prices for the period from December to April are expected to average lower.

The supply of feeder lambs will be about the same as last year, with the larger crop in Texas being offset by reductions in Colorado, Montana, and Oregon. Total sheep numbers and the number of sheep and lambs fed were low in Nebraska in 1937 because of the drouth and will no doubt be below average again this year. There was a greater reduction in the number of sheep and lambs fed than in the number of stock sheep. The sheep and lambs on feed and numbers of stock sheep for Nebraska from 1931 to 1937 are as follows:

	1931	1932	1933	1934	1935	1936	1937
	(Thousands of head)						
Sheep and lambs on feed . . . . .	720	820	835	760	530	780	490
Total stock sheep . . . . .	270	275	280	295	274	288	253

The 1937 numbers were the lowest since 1927.

The long-time outlook for sheep is comparatively good. Since 1931 the total number of sheep for the entire country has been fairly stable but changes have occurred in several regions. There has been an increase of sheep in Texas but this was offset by decreases in other states. Sheep num-

bers for the country as a whole are not expected to change much during the next few years.

Since lamb prices have not been affected as much by short supplies as have the prices of cattle and hogs during the past few years there is not expected to be as large a decline of lamb prices as of prices for other livestock. For this reason lamb prices will no doubt be higher in relation to other meats than they have been recently. Most Nebraska farmers can well afford to keep a few sheep as a part of their livestock program during the next few years.

Wool prices will probably be lower in 1938 than in 1937 unless rearmament programs and military operations offset the weakness in mill demands.

World stocks of wool are smaller than a year ago but present indications are for a three per cent increase in the world production. Total supplies are expected to be slightly larger in the spring of 1938 when the United States clip becomes available, than in the spring of 1937. The production of shorn wool in the United States in 1937 was estimated to be about 367 million pounds, which was two per cent larger than for 1936 but practically the same as the five-year average. This increase was due to a larger number of sheep being shorn and also to heavier fleeces.

Available supplies of apparel-class wool in the United States on September 1 were about 15 per cent larger than a year earlier but were below the average. Stocks in most foreign importing countries except Japan were comparatively small on September 1.

A smaller consumption of wool is expected for 1938 than for 1937. Stocks of manufactured goods are now accumulating and there are indications of a slight decrease in consumer's demand. Lower prices are expected because of an anticipated lower demand rather than because of an increase in supply.

G. E. H.

## DAIRY

FROM the standpoint of prices received, the producers of dairy products appear to be in the most favorable position since the beginning of the recent depression in 1930. There are fewer milk cows on farms in proportion to our population than at any time since 1931, when there were 193 cows per 1,000 people. On January 1, 1937, there were 194 milk cows per 1,000 people. The high point since 1900 was in 1934, when there were 213. Since 1934 the decline has been continuous and there is not much indication of an increase during the next few years. This indicates that there will be a reduction in the supply of dairy products that should be reflected in relatively higher prices. The number of young stock under two years of age being kept for milk is less than at any time since 1934 with very little indication of an increase in 1938.

The relationship of the farm price of feed grains to the farm price of butterfat has a cyclical tendency but the cycles are not regular. Because of the somewhat spasmodic behavior of these cycles it is unsafe to base

future predictions on the cycle alone. From 1920 to 1933, the relationship between the price of grains and the price of butterfat was low. Since that time the relationship has risen. With the feed necessary to bring the young stock up to normal production there does not appear to be much indication of a more favorable relationship for several years. Because of the relatively small number of hogs on farms this year, there will probably be some corn available for dairy cows that would usually be fed to hogs. This may make a more favorable relationship in the price of feeds to butterfat the first part of 1938, but it is only a temporary condition and should not be relied upon to last. The following table gives the periods of high and low relationship between the prices of farm grain and butterfat since 1851. Low relationship means more favorable conditions for the producer of dairy products.

Period	Length of period	Average relationship <sup>1</sup>	Period	Length of period	Average relationship <sup>1</sup>
1851-1865 ...	15	129	1901-1919 ...	19	109
1866-1873 ...	8	97	1920-1933 ...	14	74
1874-1891 ...	18	117	1934-July, 1937	3½	108
1892-1900 ...	9	85			

<sup>1</sup> Value of a given quantity of feed grains compared to the value of the butter produced from these grains, 1910-14=100.

There is apparently no effective substitute for dairy products when taken as a whole. Since 1900 the relationship between the production and consumption of manufactured dairy products has been very close, in fact so close that the slightest variation in production was reflected in consumption. With little prospect for an increase in dairy supplies during the next few years the possibility of increasing consumption is not promising. There is little hope for much expansion in dairying in Nebraska during 1938 because of a shortage of grain and pastures. If the young cattle that are being kept for the production of dairy products can be carried through 1938 and an average crop of feed produced in 1938, we may expect an increase in the production of dairy products a year hence.

Great Britain is the most important country in the international trade in butter, absorbing 83 per cent of all the butter entering the channels of international trade. If Australia should revive its production, following the two-year drouth, and if New Zealand and the Netherlands should maintain their present production, it is quite likely that Great Britain could not absorb all the increase of butter that would enter international trade except at considerably lower prices. It might be that such low prices would cause some butter to be imported into the United States over our present tariff rate. This should not alarm the producers of dairy products. If butter gets too high in price, consumers will use more oleomargarine and thus reduce the consumption of butter. When the margin between the price of butter and oleomargarine is wide the consumption of the oleomargarine is high. The consumption since 1917 reached high points in 1919, 1929, and 1935.

The indications point to a continuation of the relatively high consumption of oleomargarine next year because the supply of dairy products is not likely to be increased, while that of oleomargarine appears favorable.

There is a close relationship between the margin of New York City over London butter prices and our imports of butter. When our domestic price of butter exceeds the foreign price by more than our tariff rate, some butter is imported. The importation of all dairy products into the United States is less than one per cent of our total consumption and hence is not very significant in the development of our dairy industry. If the "drink more milk" campaign that is going on in many European countries at the present time becomes effective, there will be less likelihood of importation of dairy products into the United States even with some considerable development of the dairy industry in those countries.

L. F. G.

### POULTRY (INCLUDING TURKEYS) AND EGGS

ON OCTOBER 1 there were approximately the same number of hens in farm laying flocks as a year earlier. Numbers of hens in farm flocks January 1, 1937, were about three per cent greater than on January 1, 1936. High prices of feed and low egg prices resulted in unfavorable feed-egg ratios and heavier reductions in numbers of hens in farm flocks occurred during the early months of 1937. This condition led to reduced hatchings during the spring and early summer. Feed-egg ratios have continued unfavorable, while prices of poultry have been considerably above prices a year ago. Since October 1 marketings of poultry have been heavier than usual. Continuance of unfavorable feed-egg ratios and high prices of poultry are expected to cause heavy marketing of poultry during November and December.

Several factors will likely react to keep the price of eggs low during most of the winter months. First, feeds are more abundant, prices of feeds are lower than a year ago, and feeding will be heavier in many areas in spite of the unfavorable feed-egg ratio. If unfavorable weather conditions should prevail throughout most of the winter they would likely offset this. Second, cold storage stocks of shell and frozen eggs are larger than for years. On October 1, 1937, it was estimated that there were 11,290,000 cases of eggs in storage, a year ago there were 8,579,000 cases, and the average for the period on October 1, 1925 to 1934, was 9,992,000 cases. Cold storage stock will be released throughout the winter and prevent any substantial increase in price even though weather should become unfavorable to heavy production. Third, after speculators have lost so heavily through storage operations in 1937, demand for storage is likely to be less in the spring of 1938. Fourth, if business suffers a relapse and incomes of laborers decline as seems probable, fewer eggs will be consumed and prices will remain low.

The outlook for favorable prices of poultry during November and December should be fair, at least until stocks in storage reach a higher level. With a shortage of other meats and their high prices, consumers

will use more poultry. The peak in storage holdings is not expected before January, 1938, which is about one month later than usual.

As a result of unfavorable feed-egg ratios hatchings will be lower than anticipated. This will result in fewer chickens on farms during the summer and fall and fairly good prices for eggs and poultry during the fall. Prices of eggs are expected to be higher in the fall of 1938 than in 1937 provided business does not suffer too severe declines.

The anticipated reduction in numbers of turkeys during 1937 took place. It is estimated that there were 10 per cent fewer turkeys on farms this fall than a year ago. Shorter supplies have resulted in prices about five per cent higher than a year ago. Lower prices of feed and higher prices of turkeys may result in heavier weights per bird and better finish than a year ago. More returns from turkey production should result in heavy hatches for next year and considerable increases in numbers of turkeys on farms in the fall of 1938. Increased supplies together with increases in supplies of other meats and a probable reduction in consumer incomes should result in lower returns to turkey raisers for 1938.

L. B. S.

### HORSES AND MULES

**A** CONTINUED decline in the number of horses and mules for three or four more years is expected to maintain comparatively good prices for these work animals. However, the prices of horses and mules at public markets, which were strong in the spring of 1937, fell off during the summer and were lower than in 1936. Mule numbers have been declining faster than horses and for that reason are expected to maintain a somewhat higher price level than are horses.

Colt numbers have been on the increase since 1932 but are not expected to be sufficient to replace the loss in old horses until about 1940 or 1942. There is at present a good demand for young mares, which is a good indication of a continued increase in the number of colts.

Prices of horses and mules reached a low point in 1931 and 1932 as did prices of other commodities but have been on the increase since. The table following gives the average price per head of horses and mules, April 15 and September 15, for the past eight years:

Year	Horses		Mules	
	April 15	Sept. 15	April 15	Sept. 15
1930 .....	\$70	\$61	\$87	\$72
1931 .....	61	52	73	62
1932 .....	57	53	65	62
1933 .....	61	62	68	70
1934 .....	76	71	88	84
1935 .....	91	88	106	103
1936 .....	101	90	115	107
1937 .....	100	93	121	113



The most important factor in preventing horse and mule prices from reaching a much higher level is, of course, the large replacement of work animals by motor power. Farmers have continued to buy tractors at a rapid rate since 1934 and a large proportion of new tractors are of the general-purpose type.

The trend in Nebraska has been about the same as in the United States. From 1933 to 1936 there was a 40 per cent increase in the number of tractors in this state, while horse and mule numbers have continued to decline each year. The numbers of horses and mules in Nebraska on January 1, for each of the past eight years, are as follows:

	1931	1932	1933	1934	1935	1936	1937
	(Thousands)						
Horses .....	734	712	681	666	651	618	599
Mules .....	95	91	88	83	75	70	67

One factor which caused a big replacement of horses and mules by motor power was the high cost of feed in 1934 and 1936. With considerably lower feed prices farmers should look with more favor on the use of horses for farm power.

G. E. H.

## VEGETABLES AND FRUIT

**P**RODUCTION of commercial truck crops in 1938 is expected to equal or slightly exceed the record volume of 1937 if yields are average in 1938. There has been a marked expansion of acreage of commercial truck crops for market since 1919. By 1932 there was evidence that many growers of field crops were looking upon vegetable production as holding an inviting prospect for expansion or as a relatively profitable alternative for other cash crops that have paid disappointingly low returns. Before growers shift further from the production of field crops to vegetables they should give careful thought to the higher costs and greater risks involved in the production and marketing of the perishable crops.

One factor that will tend to reduce the price level of fresh vegetables in 1938 is the carry-over of heavy stocks of canned vegetables into the 1938 marketing season.

The prospects are for only a slight increase in the 1938 plantings and production of tomatoes. The 1937 acreage was six per cent larger than the 1936 crop and 29 per cent larger than the five-year (1928-32) average. A record crop was produced in 1937, which exceeded the large 1936 crop by four per cent and the 1928-32 average by 23 per cent. Prices for all areas combined have averaged below those of 1936.

The commercial acreage of cabbage in the United States both for fresh market shipment and kraut manufacture in 1937 totaled about 191,300 acres, which was four per cent more than in 1936 and 28 per cent above the average for 1928-32. Because of unfavorable weather conditions, which resulted in low yields and a total production far below earlier expectations, the prices for late 1937 crops to be marketed this fall and winter are

likely to trend upwards from the earlier season levels. As a result growers may not reduce their plantings in 1938 below that of 1937.

According to the Bureau of Agricultural Economics, the average production of all fruits during the next five years will probably be larger than the average for the five-year period just passed. Demand, on the other hand, will probably also average higher during the next five-year period than the five-year period just passed. During the remainder of the present marketing year, demand conditions are apt to be somewhat lower than during the first part of the season and with citrus and apple crops the seasonal rise in prices is apt to be less than usual.

The outlook for the fruit industry as a whole is considerably influenced by the level of income of consumers. Increased buying power of consumers would be a favorable influence on prices even in those instances where total production is large.

Following one of the smallest crops on record, the 1937 apple crop is indicated to be the largest in many years. Based on conditions as of October 1, the total United States crop is estimated at 206,700,000 bushels, which is more than one-fourth larger than the 1931-35 average production and three-fourths larger than the 1936 small crop.

Prices of apples this season to date have averaged considerably lower than those of last year and it is expected that they will continue well below the prices of 1936 during the remainder of the marketing season. Lower average prices than last year are in prospect for growers in all producing areas.

Improved demand conditions in many foreign countries, trade-agreement concessions on apples, smaller crops in European countries, and lower prices in this country, as compared with last year, are factors that indicate an increase in the volume of apple exports in 1937-38 as compared with last year.

Another favorable factor has been the increased use of culls and low-quality apples and other fruits in by-products such as marmalades, jellies, fruit juices, and pectin. Plants have been constructed in a number of countries to manufacture such products. Diversion of low-quality fruit to these products should assist in disposing of a part of the crop which would otherwise compete with table fruit.

W. W. H.

### SEEDS

THE Bureau of Agricultural Economics at Washington estimates that smaller quantities of the clovers will be for sale in the spring of 1938 than a year earlier. Supplies of alfalfa and red clover seed are below normal. Alsike clover supplies are about normal. A slight surplus of sweet clover seed is indicated for 1938.

The 1937 crop of red clover seed was the smallest since 1926. A few increases occurred in sections of some states such as western Oregon, parts of Minnesota and southern Idaho. Practically no domestic seed was carried over from last spring. Imports of seed have been unusually large and have

amounted to almost 14 million pounds during the year ending June 30, 1937. Growers of red clover seed have been offered 30.1 cents a pound for clean seed, which is the highest price since 1919 and about 30 per cent above the 1936 price and  $2\frac{1}{4}$  times the average price for the five-year period, 1930-34. With prices as high as indicated, imports of red clover seed can be expected to be high.

Alfalfa seed production in the northern and central producing states was about one-sixth smaller than in 1936. This was partially offset by an increase of 50 per cent in the crop in the southwestern states. Seed from the southwestern states cannot be used in the northern states because of winter-killing. Approximately 50,000,000 pounds of seed was produced in 1937 in the United States, compared to 52,000,000 pounds in 1936 and an average of nearly 59,000,000 pounds for the five-year period, 1930-34. Very little northern seed was carried over from 1936. Imports were 3,644,600 pounds in the year ending June 30, 1937, and were the largest in 10 years. Not much more than half of this imported seed is suitable for planting in the northern states. Growers were offered  $24\frac{1}{4}$  cents a pound in October, 1937, for common seed, which is about 30 per cent higher than in 1936 and twice the average price for 1930-34.

Sweet clover seed production in 1937 was estimated at 52,000,000 to 55,000,000 pounds, the largest crop since 1929 and one-fourth larger than in 1936. Carry-over was small and the imports larger than for any one year on record. Prices paid to growers about the middle of October averaged 7.4 cents a pound, compared with 8.15 cents a year ago and 3.85 cents for the five-year average.

In contrast to the small crops of clover and alfalfa with their high prices we find larger than usual crops of non-leguminous grasses and lower prices than in 1936. This is true of timothy, blue grass, brome, red top, and western wheat grass. Supplies of crested wheat grass are not very abundant, although the price is lower than a year ago. New pasture seedings in 1938 will probably contain less legumes and more non-legumes.

Supplies of Sudan grass, cane, and Atlas sorgo seed will be abundant and the price lower than usual.

Production of soybeans for all purposes in the United States was 7.3 per cent above the corresponding acreage in 1936 and amounted to 6,049,000 acres. With most of this increase in production taking place in the North Central states, where seed is important, the anticipated increase in grain is 29 per cent larger than in 1936 or 35,539,000 bushels. About  $5\frac{1}{2}$  million bushels will be available for seed and the rest crushed for oil.

Prices paid for soybean seed will probably be under 1936 prices because of the heavy crop and because competing products, such as flax seed and cottonseed, are plentiful. Soybeans are being grown for hay in many areas where there is no local market for the beans. Nebraska is one of the areas where soybeans are used for hay and to a limited extent for seed.

L. B. S.

## FARM FAMILY LIVING IN 1938

THE farm family outlook aims to present information with which families may anticipate the future in view of past and present economic facts.

The cost of living is rising but at a slower rate than the general price level. If prices continue to rise we may expect the cost of living to continue to rise at a slower rate. This shows the general tendency for cost of living to show changes later than the general price level.

All people are affected by the current rise in prices. Some fear that the cost of living will rise so high that consumption will be greatly restricted. They cite the rise in prices of pork chops and butter as proof of their beliefs but the cost of living includes rents, food, clothing, fuel, lighting, doctor bills, tooth brushes, and many other things. The index of the cost of living does not rise or fall as rapidly as the general price level. From 1929 to February, 1933, the general price level fell from 139 to 87, which was more than one-third and the cost of living fell from 171 to 124, which was one-fourth. From February, 1933, to July, 1937, the general price level rose 41 points and stood at 128 and the cost of living rose 23 points and stood at 147. The cost of living is higher than the general price level because it fell less before 1933, not because it has risen more since 1933.

As homemakers look ahead into 1938 and into the coming years they may well ask these questions:

1. How much of your available cash income of the past year was needed for family living?
2. With our present resources can we expect an increase in income for 1938?
3. Can we as a family have the amount of fruit, vegetables, and milk needed for positive health?
4. Can we as a family plan our spending so as to buy more of the important wants in the coming year than we did buy in the past year?

For the country as a whole, net cash income available for farm family living and for savings has been higher in 1937 than in 1936 but may be somewhat lower in 1938 than in 1937. However, with favorable crop conditions in Nebraska the state income for 1938 may be expected to be higher.

The national farm family outlook report states that "judging from the ways of spending now current among farm families, it seems probable that low-income groups will devote the increased amounts made available for family living in 1937 largely to food, clothing, and the automobile, although small increases will be made in each of the main groups of living expenses. Even in the case of the more well-to-do, a portion of the increase will go for food, but considerably more will go for the purchasing and operating of automobiles, for clothing, for medical care, for furnishing and running the house, and for recreation. With net money incomes of farm families in 1938 expected to be a little lower than in 1937, and with prices of goods and services needed for living about the same or

a little higher, expenditure patterns in 1938, while not expected to change much from those of the last two years, probably will tend toward economy rather than toward increased spending.

The average cash living expenditures of Nebraska farm families for whom yearly records have been summarized since 1929 are as follows: (These figures have not been adjusted to the price levels of any one year but are the average of amounts as recorded during those years.)

FARM FAMILY AVERAGE CASH EXPENDITURES

Year	Number of records	Average size of family	Food	Clothing	Household operating	Transportation	Others, such as development	Total
1929....	25	4.2	\$355	\$176	\$203	\$101	\$174	\$1,009
1930....	36	3.9	243	161	132	98	221	885
1931....	91	3.9	222	121	104	68	155	670
1932....	147	3.7	130	86	97	48	106	467
1933....	164	3.9	131	93	100	53	125	502
1934....	239	3.9	161	119	106	76	150	612
1935....	251	3.9	183	121	144	57	158	663
1936....	254	3.9	206	122	178	62	180	748

Food=food and meals purchased.

Clothing=purchased with farm income (not older children's personal earning or gifts received).

Household operating=fuel, light, water, phone, supplies, equipment, household wages.

Transportation=the home half (usually) of operating cost of the car.

Development=education, recreation, church and charity, health, and gifts.

To the average cash living expenditures of Nebraska farm families shown in the foregoing table, there should be added the value of goods and services furnished by the farm, in order to secure the total living value. The following table shows a comparison of these values for the past eight years:

GOODS AND SERVICES FURNISHED BY THE FARM

Year	Number of records	Average size of family	Food	Housing	Fuel and ice	Total
1929.....	25	4.2	\$351	\$80	...	\$431
1930.....	36	3.9	288	127	...	415
1931.....	91	3.9	201	144	\$20	365
1932.....	147	3.7	147	177	17	341
1933.....	164	3.9	149	159	22	330
1934.....	239	3.9	155	163	23	341
1935.....	251	3.9	224	162	24	410
1936.....	254	3.9	214	160	25	399

Food=eggs, milk, cream, butter, meat, poultry, fruit, vegetables, flour, and cereals.

Fuel=cobs and wood not purchased.

Housing=nine per cent of the value of the dwelling.

The value of goods and services furnished by the farm was 34 per cent of the total living value for these farm families in 1936.

Home production of food and fuel as a means of providing non-money income may well be encouraged. Since it is expected that the buying power

per unit of farm products is to be lower in 1938 than in 1937, the farm family will find it to their advantage to plan for an increase in home use of eggs, milk, and meat in 1938.

The well-planned program of food production for home use benefits the family in two ways, directly from a better food supply and indirectly because cash otherwise needed to buy food can be used for other purposes.

The 1938 Nebraska farm family spending for food will vary with the location in the state. Again the difference may be due to crop and garden conditions. The supply of fruits and vegetables home grown is unusually low. This means that a larger portion of money available will be spent for food.

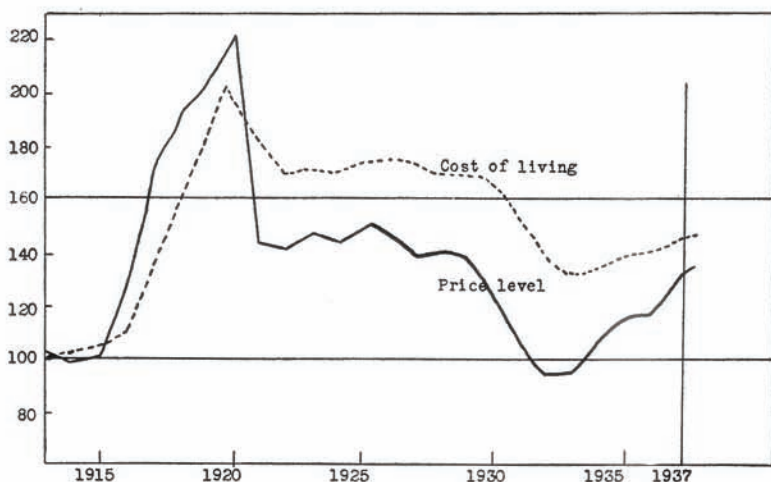


FIG. 6.—The general price level and the cost of living (1910-14=100. From New York Home Economics Handbook, 1938, A. E. 185.)

Between June 15, 1936, and June 15, 1937, the food index increased 8.8 per cent. Retail food prices have been declining a little during the last few months and some further decline is probable in 1938. Prices of dairy products and eggs may be expected to rise seasonally until December, followed by a downward seasonal trend in the early part of 1938. Prices of most fruits and vegetables are expected to advance seasonally during the next six months. Meat prices are expected to be lower than in 1937 with most of the decline in the better grades making possible a better grade of meat at no higher price than was paid in the past year. Because of a large supply of vegetable shortening this year, lard prices will probably be lower. The prices of flour and perhaps some manufactured cereals are expected to average somewhat lower next year, owing to the larger national grain crop of 1937.

To provide the whole population with a fully adequate diet is a generally accepted goal for agriculture. The present situation is far from ideal

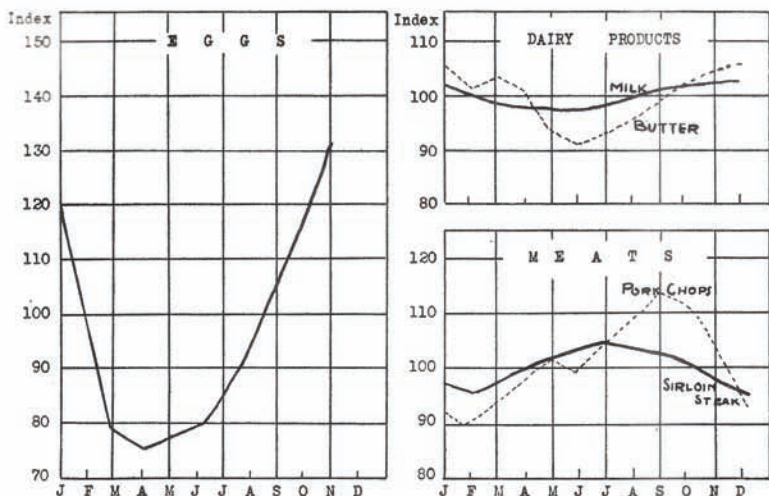


FIG. 7.—Seasonal trends in retail prices of foods (1913-32=100).

Retail prices of EGGS usually reach a seasonal peak in December when production is at a low level but decline sharply to a low point in April when production reaches a seasonal high peak. Eggs usually move into cold storage when production is at its peak and move out of storage when production is at a seasonal low level.

Retail prices of DAIRY PRODUCTS also reach a seasonal peak in December when the milk flow is at a low ebb but gradually decline to a seasonal low level in June when milk production is usually at a seasonal peak. The seasonal shifts in retail prices are more pronounced for butter than for milk since it is the chief outlet for surplus milk production. When the production of milk is at a seasonal high level large quantities are used for the manufacture of butter, which moves into cold storage.

Retail prices of BEEF usually reach a seasonal peak in July and hold to a fairly high level through September. Consumer demand for beef is usually greatest during the summer months. Because of increased marketings of cattle at the end of the grazing season, retail prices usually decline during the fall and reach their seasonal low in February.

Retail prices of fresh PORK usually reach a seasonal high point in September when the volume of hog marketings is smallest. During the period of October to February prices of fresh pork decline sharply in response to the seasonal increase in hog marketings which occurs during this period. From February to September, prices advance as a result of decreasing market supplies.

and only with more knowledge of food requirements and better planning of food resources, will the progress come.

Clothing prices have had an upward trend in 1937 and are likely to continue in 1938 especially for garments on which wages constitute a large part of the retail cost. Prices of shoes of comparable quality may average somewhat higher in 1938. Yard goods and textile products as a whole may average lower than in 1937. The large cotton crop of 1937 has caused a decline in prices of raw cotton. Rayon and wool prices are expected to be a little lower.

Household operating costs for fuel and lighting materials are expected to advance a little. Automobile prices and other costs in their operation may rise slightly. Furniture and equipment may be somewhat higher in the next year.

The amount of goods and services which a given amount of cash will provide for family living—the purchasing power of the money income—depends upon price levels. Price levels have fluctuated a great deal in recent years. The index figures for general price level in 1933, 1934, 1935, 1936, and the first six months of 1937 were, respectively, 96, 109, 117, 118, and 128. The retail prices of some commodities such as automobiles, furniture, shoes, and fuel, may be expected to increase in 1938. The rise in marketing costs and in wholesale prices of some manufactured goods during 1936 and early 1937 have not yet had their full effect in retail markets. However, lower retail prices for other important items of family living such as some foods and perhaps cotton and rayon clothing will tend to offset these price increases, so that the total living cost of farm families probably will not change greatly in 1938 unless there is a marked change in the general price level.

M. L. S.

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