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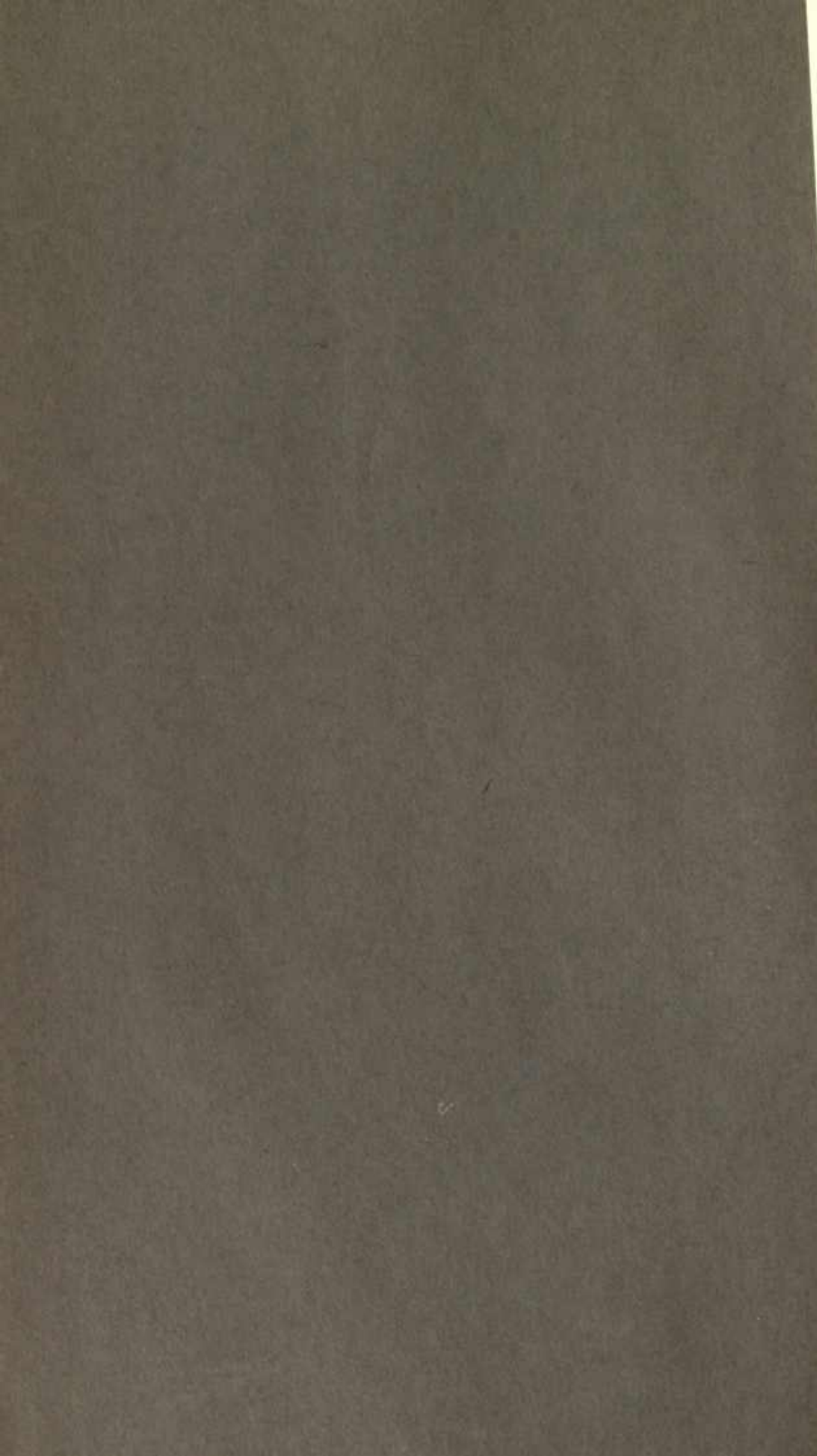
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Prices of Illinois Farm Products

1931-1934

By L. J. NORTON and
T. R. HEDGES



UNIVERSITY OF ILLINOIS
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Bulletin 422

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The analyses of prices of Illinois farm products in 1931-1934, and the forecasts of probable price trends, presented in this bulletin, were made in late 1934 and early 1935.

Prices of Illinois Farm Products From 1931 to 1934

By L. J. NORTON and T. R. HEDGES¹

SOME of the most extreme and rapid price changes ever experienced by Illinois farmers occurred during the years 1931 to 1934. While in 1930 prices for Illinois farm products were declining, they still averaged 25 percent above the prewar level (1910-1914). By the first quarter of 1933, when the low point in the 1931-1934 period was reached, they had declined to about half the prewar level. At the end of 1934, however, only twenty-one months later, increases had occurred which brought them back to approximately the 1910-1914 plane, or to 80 percent of the 1930 average. Thus in three years prices of Illinois farm products declined more than half, and within two years more they had recovered about three-fourths of their losses.

In an earlier bulletin dealing with Illinois farm-product prices² the statement was made that "there are some indications that 1930 conditions reflect the beginning of a new period during which the general level of prices will be lower than for the preceding nine-year period." In the same study it was pointed out that "examinations of declines during other periods when the price trend was downward shows that only a small part of the decline is typically recovered in the upward swing of reaction from the decline." The behavior of prices, not only of farm products but of commodities in general, during 1931-1934 has borne out these statements.

Two important factors in recent price changes, factors which were not taken into consideration when forecasts of price conditions were made in 1930, were the change in monetary policy adopted by the federal government in 1933 and the severe drouth of 1934. Both factors operated to raise prices of farm products in manners described in detail in subsequent parts of this bulletin. Just how much effect the monetary change will have on future prices remains a question, altho the level will undoubtedly be substantially higher than it would have been had there been no such change.

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²Norton, L. J. Prices of Illinois farm products in 1930. Ill. Agr. Exp. Sta. Bul. 365, 1931.

TRENDS IN PRICES OF ILLINOIS FARM PRODUCTS, 1921 TO 1934

Altho the present study deals primarily with changes in price relationships during the period from 1931 to 1934, the graphs herein presented on price trends go back as far as 1921 in order that a setting or basis of comparison for the later changes may be provided. The graphs are not carried back before 1921 because price developments since that date stand out more clearly when they are not overshadowed by the extraordinary price changes which occurred during the first postwar deflation, that of 1920-1921. A period of fourteen years is long enough to be interesting in itself, particularly when it includes as many unusual price changes as the period from 1921 to 1934.

All graphs representing price trends show quarterly averages of actual prices obtaining in Illinois farming communities on the 15th day of each month, as compiled by the U. S. Bureau of Agricultural Economics.

PRICE TRENDS OF FARM PRODUCTS AS A GROUP

Changes in the general price-level of twenty Illinois farm products¹ by quarterly intervals from 1921 to 1934 are shown in Fig. 1.

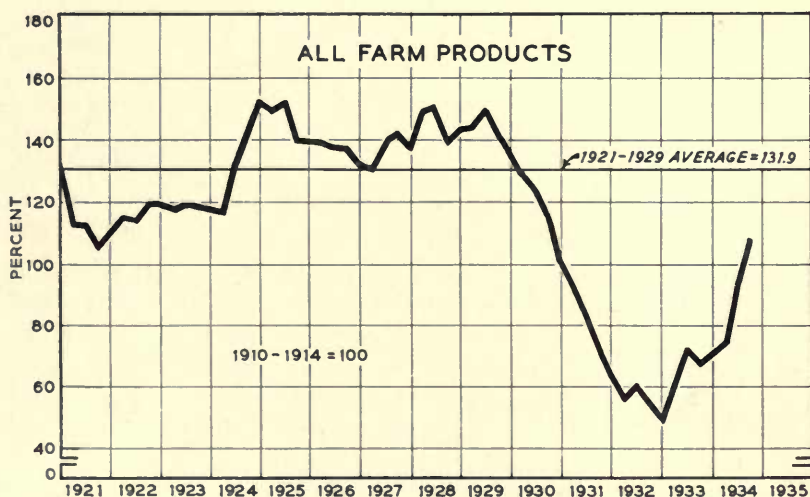


FIG. 1.—ILLINOIS FARM PRICE INDEX, QUARTERLY, 1921-1934

¹The price indexes represented in Figs. 1 to 25 were computed by the Illinois-U. S. Crop Reporting Service. A. J. Surratt, Agricultural Statistician in charge.

In general the prices of Illinois farm products during 1921-1929 held successively to two levels, the first extending from 1921 to the middle of 1924 and the other from 1925 to 1929. In the later period the price index declined from 1925 to the end of the first quarter of 1927, and then worked upward until 1929. From late 1929 until the first quarter of 1933 the trend was steadily downward, broken only by one slight upturn in the third quarter of 1932. At the end of the period of decline, prices averaged just about one-third of what they had been in 1929.

The upturn in prices during 1933 and 1934 passed thru two phases, an initial rise following the beginning of recovery in 1933, which brought the average up to about 70 percent of 1910-1914 levels, and a second rise beginning in the third quarter of 1934 as a result of the reduction in supplies caused by the drouth. That it required a stimulant as severe as the drouth of 1934 to bring price averages back to prewar levels is indicative of the strength of the forces which must be overcome if 1930-1933 price declines are to be regained in full.

GRAINS

Corn. Corn prices maintained a high and fairly stable level from mid-1927 to mid-1929. In 1930, in spite of a short crop, corn prices weakened, starting a downward trend (Fig. 2) that continued until the first quarter of 1933. As a part of the economic recovery that began in 1933, corn prices advanced rapidly. Early in the following winter

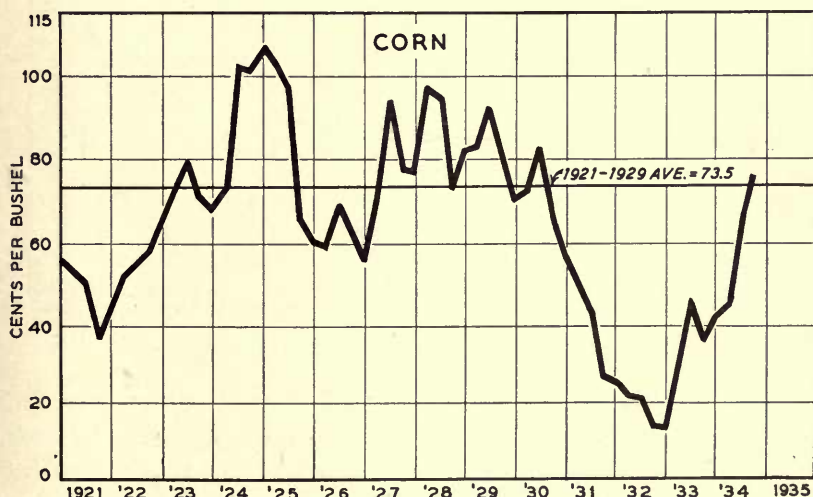


FIG. 2.—CORN: QUARTERLY AVERAGE OF ILLINOIS FARM PRICE, 1921-1934

the government began to lend 45 cents a bushel on corn stored in sealed farm cribs, a policy which operated to maintain prices around that level until the drouth of 1934 cut the corn crop and caused further price rises.

It should be noted that the price of 40 to 45 cents a bushel, which was established before the drouth, was not much over half the 1921-1929 average. With the development of higher prices for livestock especially for hogs, which will no doubt take place when employment and general business activity become more nearly normal, corn price will probably become established at higher figures than the predrouth level even though much more liberal supplies of corn are available than during a drouth year such as 1934. The fact that the high prices prevailing at the end of 1934 accompanied a very short crop should not be lost sight of, however, by anyone who is attempting to forecast the normal level of corn prices over the next few years.

Oats. Oats prices began to display signs of weakness in late 1929 and declined steadily until the first quarter of 1933. Since 1933 the trend has been upward (Fig. 3). Prior to the drouth and the severe chinch bug infestation of 1934, a level of 30 to 35 cents a bushel had been reached.

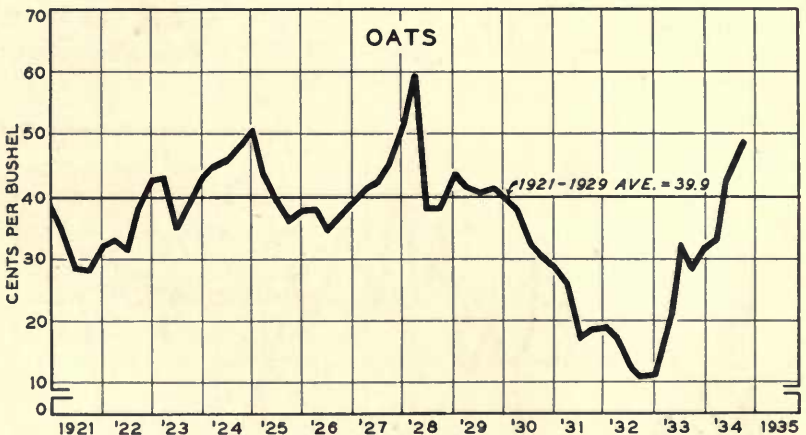


FIG. 3.—OATS: QUARTERLY AVERAGE OF ILLINOIS FARM PRICE, 1921-1934

With the decline in numbers of horses practically checked and some increase likely to occur within a few years, oats prices will probably be relatively higher than corn prices during the next few years compared with 1921-1929 averages.

Wheat. Despite one definite rise early in 1928 and a few minor

partial recoveries, the general trend of wheat prices was downward from the high point reached in early 1925 to the low of late 1932 (Fig. 4). Following the general price decline that occurred late in 1929, wheat prices declined steadily until the middle of 1931 in spite of various attempts at stabilization by the Federal Farm Board. For about a year, in 1931 and 1932, the price was stable at a very low

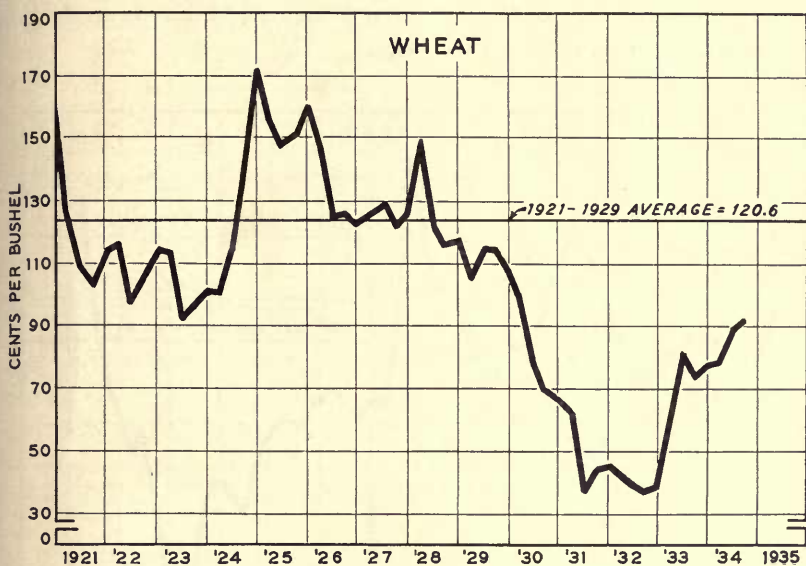


FIG. 4.—WHEAT: QUARTERLY AVERAGE OF ILLINOIS FARM PRICE, 1921-1934

level. In the second quarter of 1933 wheat prices advanced, with the other grains, to a level of about 80 cents a bushel, or to about two-thirds of the prewar average. Even the very short wheat crop of 1934 did not cause a substantial rise in the price of wheat.

On account of difficulties in connection with exportation, the low world price-level, and the probable necessity of using a larger portion of the domestic wheat crop for feed than formerly, it is likely that over the next few years wheat will be cheaper in relation to the other cereals when comparisons are made with 1921-1929 prices. The level of wheat prices prevailing in other parts of the world acts as a check upon wheat-price advances in the United States, because if the domestic price goes sufficiently high, wheat will be imported over the barrier imposed by the duty of 42 cents a bushel. Further advance in the level of wheat prices in the United States now depends on further rise in the world level of wheat prices.

Barley. Prices of barley during the base period (1921-1929) were quite erratic, with peaks occurring early in 1925 and the first half of 1928 (Fig. 5). After 1929 the general trend was similar to that of other grains—downward to 1933 and then upward—alho barley prices were relatively lower than other grain prices in 1929 and did not decline as rapidly as other grains in 1930 on account of a short crop. By the middle of 1934 barley prices were above the 1921-1929 level as a result of increased demand and of reduced production caused by the drouth and chinch bugs.

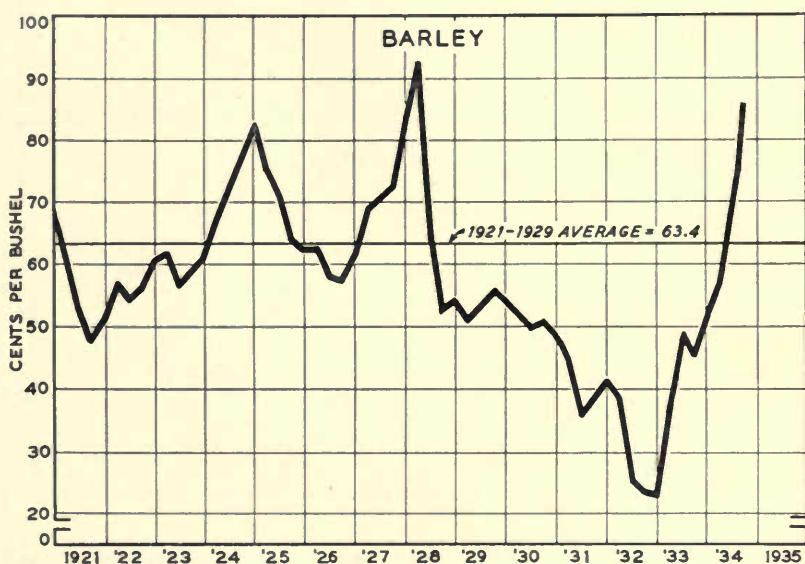


FIG. 5.—BARLEY: QUARTERLY AVERAGE OF ILLINOIS FARM PRICE, 1921-1934

Because of the increased demand for barley by the brewing industry, barley prices during the next few years will probably average higher than prices of other cereals in relation to 1921-1929 prices.

Rye. Rye prices in general increased slightly from 1922 to 1929 (Fig. 6). In late 1929 a decline began that continued until the low level of 1931-1932 was reached. Early in 1933 rye prices turned up, along with other cereals, and have fluctuated between 55 and 70 cents a bushel since the third quarter of 1933 in spite of a crop in 1934 so short that some rye was imported over a 15-cent import duty.

Cowpeas. Prices of cowpeas went thru two cycles from 1921 to 1929 (Fig. 7). Alho the trend was downward from the first quarter

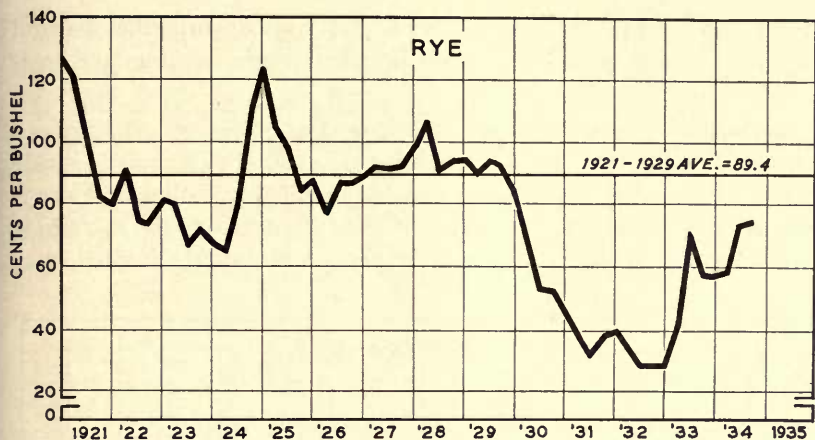


FIG. 6.—RYE: QUARTERLY AVERAGE OF ILLINOIS FARM PRICE, 1921-1934

of 1929 until late 1932, the sharpest decline occurred during 1931. In the first quarter of 1933 the price turned upward, but the rise was erratic and by the end of 1934 cowpea prices were only about 50 per cent of the 1921-1929 average. This failure of cowpea prices to rise with prices of other grains during 1934 may be accounted for by the favorable weather conditions in the cowpea-producing sections and the resulting above-average crop in 1934. There is no commercial

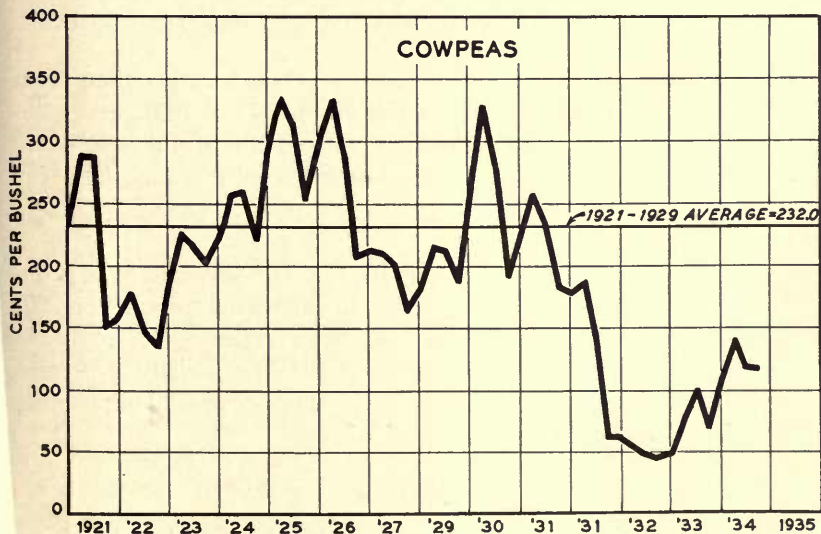


FIG. 7.—COWPEAS: QUARTERLY AVERAGE OF ILLINOIS FARM PRICE, 1921-1934

market for cowpeas except for seed, and consequently the demand for them depends on farm incomes in areas where cowpeas are commonly grown.

Soybeans. The general trend in soybean prices was downward from 1921 to the low levels of 1931-1932, and then upward during 1933 and 1934 (Fig. 8). A fairly regular seasonal variation in prices is evident. The downward trend from 1921 to 1930 reflects the increasing production that occurred during those years and the growing tendency

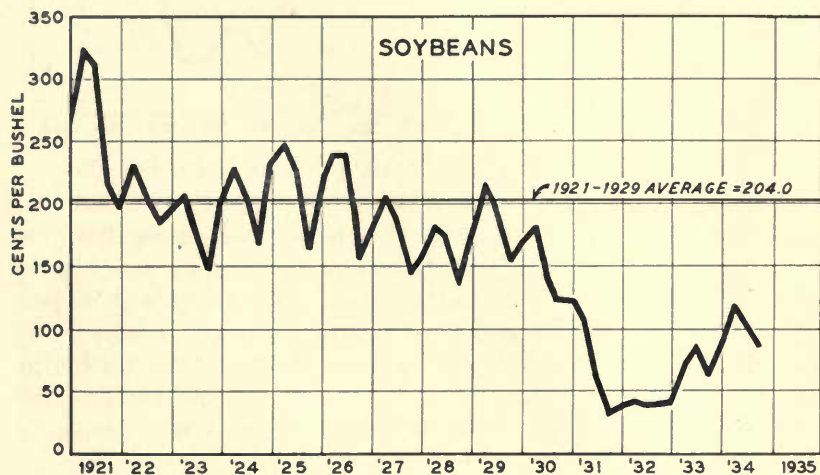


FIG. 8.—SOYBEANS: QUARTERLY AVERAGE OF ILLINOIS FARM PRICE, 1921-1934

for the demand to come from commercial processors rather than from seed purchasers. After the sharp decline from 1929 to 1931, the price-level reached was but little more than one-eighth of the 1921-1929 average. Early in 1932 a rise began, but gains were erratic, and for the last quarter of 1934 the average was not quite 50 percent of 1921-1929 prices.

Compared with 1921-1929 averages, prices of soybeans will probably continue to average low, because of increased production. In comparison with prices of other cereals, however, prices of soybeans are likely to hold a reasonably favorable position, especially if present reduced cotton acreages, resulting in lower supplies of and supporting higher prices for oil and meal, are maintained.

LIVESTOCK

Hogs. Hog prices were, in general, fairly high and stable from late 1924 to mid-1930, with peaks of \$12.53 and \$12.66 per hundred-

weight in the third quarters of 1925 and 1926, respectively, following the short corn crop of 1924 (Fig. 9). The downward readjustment from these peak prices began in the summer of 1926, just as it is likely to begin in 1936 following the short corn crop of 1934 and the short hog supplies of 1935.

The great decline in hog prices began in mid-1930. This decline did not reach a point at which prices could level off until early in 1932. The low point (\$3.02) came in the fourth quarter of 1932. The long continuance of this low level, which lasted with fluctuations to the sum-

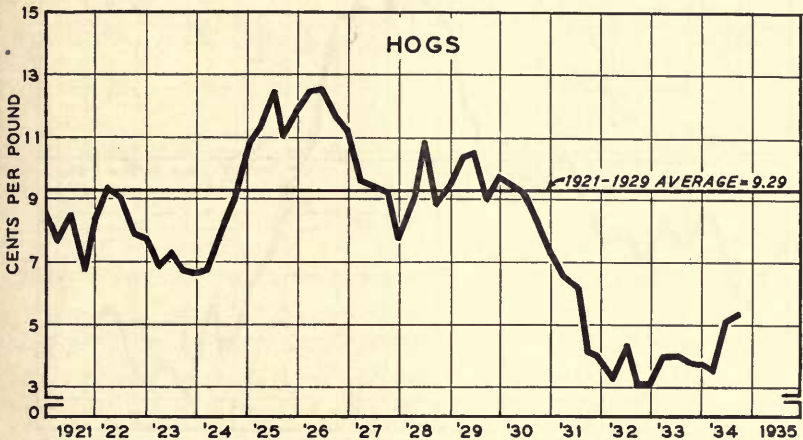


FIG. 9.—HOGS: QUARTERLY AVERAGE OF ILLINOIS FARM PRICE, 1921-1934

mer of 1934, may be explained partly by the occurrence of an extremely low level of consumer incomes at the time that the peak of the hog cycle made necessary the liquidation of excess numbers of hogs. Moreover the devaluation of the dollar did not act immediately to raise the price of hogs as it did of grains, because the market for pork is largely domestic and hog prices must be steadily tested against consumer incomes, which, in turn, did not rise quickly in response to the devaluated dollar. And, furthermore, the immediate effect of the processing tax on hogs, levied at the beginning of the marketing season of 1933-34 to finance the program of the Agricultural Adjustment Administration, was to reduce the market price of hogs.

Because of drastically reduced hog production, the trend of hog prices in 1935 will be upward. After 1935, assuming normal crop conditions, the hog price-level will depend primarily on the degree of recovery in domestic demand, altho the quantity of supplies, as affected by control programs and exports, will be an influencing factor.

Beef Cattle. Prices of beef cattle during the period 1921 to 1933 went thru a complete cycle from low to low (Fig. 10). After the peak prices of about \$11 per hundredweight in 1928-1929, the trend was steadily downward to the low of \$4.25 per hundredweight in 1933, a decline reflecting both the downward cyclical movement in cattle prices and the general decline in commodity prices after 1929. The cattle

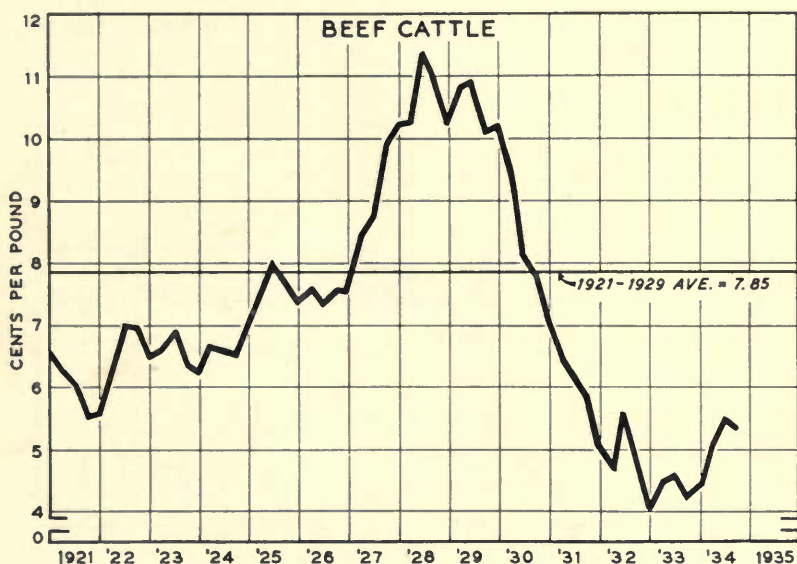


FIG. 10.—BEEF CATTLE: QUARTERLY AVERAGE OF ILLINOIS FARM PRICE, 1921-1934

price-cycle was shortened (i.e., the duration of downward movement was reduced) by the general upturn in commodity prices and the drouth of 1934, which led to a great reduction in numbers of cattle.¹

The cyclical movement of prices and numbers of beef cattle will undoubtedly be repeated. During the next few years the trend should be upward, if the liquidation which occurred in 1934 was sufficiently complete to make further liquidation unnecessary.

Milk Cows. Prices of milk cows followed the same great cycle as prices of beef cattle, with an upward trend from late 1921 to late 1929 (Fig. 11), and a steady decline from a level of around \$100 a head at the peak to an average of about \$35 a head in 1933. Stability was achieved at the lower level in the first quarter of 1933. With the rise in feed prices in 1933, dairying became less profitable, and a period

¹Total government purchases of cattle in the drouth areas up to November 22, 1934, amounted to 7.3 million head.

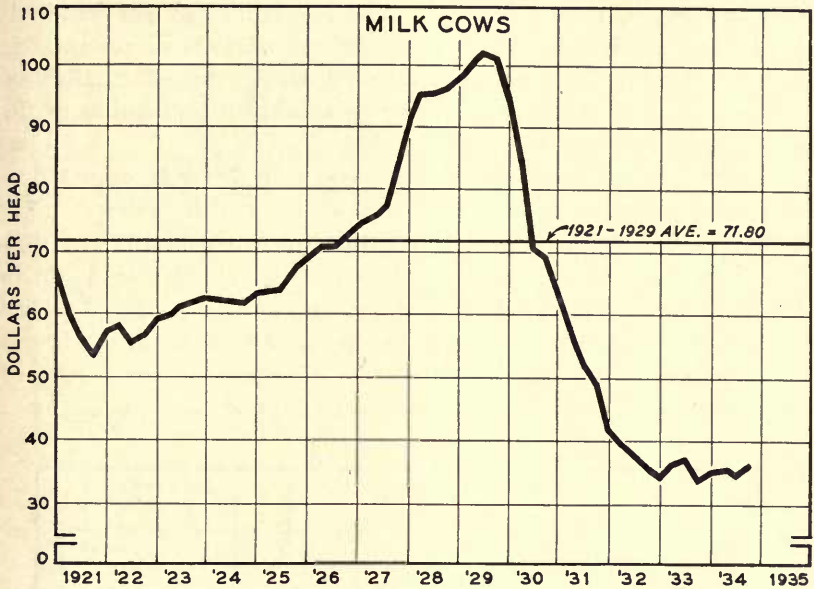


FIG. 11.—MILK COWS: QUARTERLY AVERAGE OF ILLINOIS FARM PRICE, 1921-1934

of liquidation of dairy cows set in. As long as this liquidation continues, prices of milk cows will lag, but the rise in basic beef-cattle values will tend to support and raise prices of milk cows.

Veal Calves. Prices of veal calves went thru a cycle similar to that of beef cattle and milk cow prices, with a peak of about \$14 per

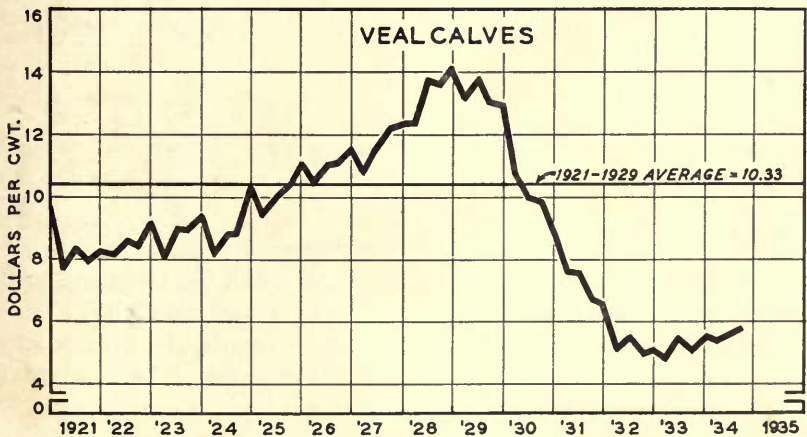


FIG. 12.—VEAL CALVES: QUARTERLY AVERAGE OF ILLINOIS FARM PRICE, 1921-1934

hundredweight in 1929 (Fig. 12). The low point (\$5 per hundredweight) was reached in 1932, but at the end of 1934 no appreciable upturn had occurred. This lag reflects the wholly domestic nature of the demand for veal, and the effects of continued liquidation in the dairy industry.

The cyclical movement of prices of veal calves may be expected to be repeated in conjunction with the next cycle in cattle prices.

Sheep. Sheep prices moved steadily upward from 1921 to 1924 and maintained a fairly stable level until 1929, except for a dip in 1926, at about \$6.50 per hundredweight (Fig. 13). A sharp decline began in 1929 and carried sheep prices to a low of \$1.98 in the fourth quarter of 1932. After 1932 a moderate increase in sheep prices occurred, not all of which was maintained to the end of 1934.

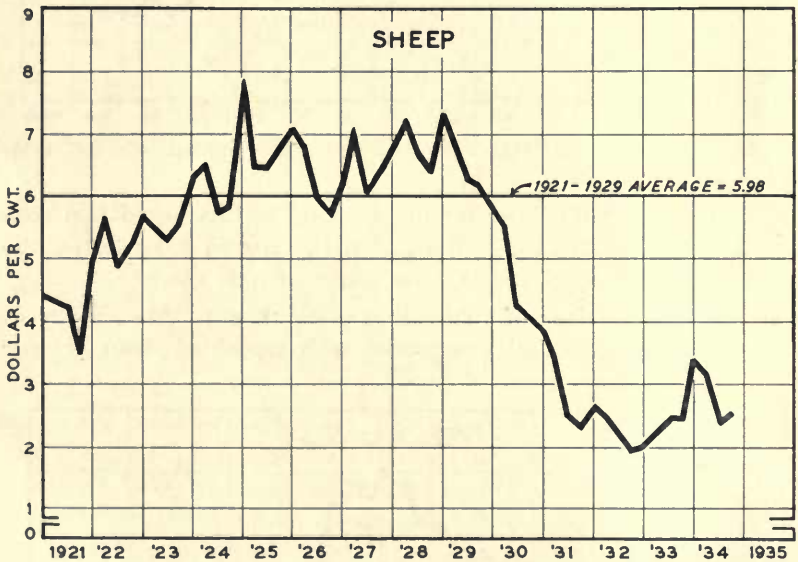


FIG. 13.—SHEEP: QUARTERLY AVERAGE OF ILLINOIS FARM PRICE, 1921-1934

With a large decrease in numbers of sheep in 1934, and prices of lambs and wool higher than the low levels of 1932, the trend in sheep prices should be upward during the next few years. With 1921-1929 prices as a basis of comparison, however, sheep may be expected to be relatively lower in price than other kinds of livestock because from 1921 to 1929 they were relatively high.

Lambs. Prices of lambs followed a course similar to that taken by sheep prices during the period under discussion—upward from 1921

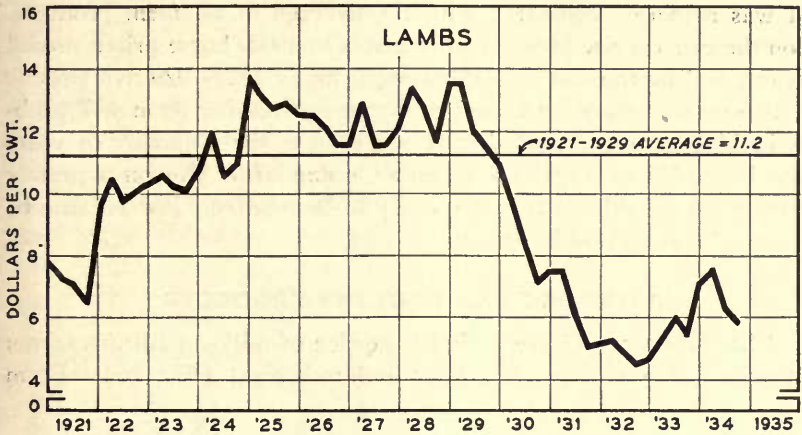


FIG. 14.—LAMBS: QUARTERLY AVERAGE OF ILLINOIS FARM PRICE, 1921-1934

to 1924, more or less stable at a level of about \$12.50 per hundred-weight from 1925 to 1929, sharply downward from early 1928 to about \$4.50 per hundredweight in the last quarter of 1932, and only moderately upward since then (Fig. 14).

Because lamb prices also were relatively high during the base period, lambs as well as sheep are likely to be relatively lower in price than other domestic animals when average prices in 1921-1929 are taken as a standard.

Horses. Prices of horses were at a low but fairly stable level during the base period (Fig. 15). Reflecting the general decline in commodity prices, horse prices dropped from about \$85 a head in the middle of 1930 to an average of \$60 at the end of 1932, a decrease

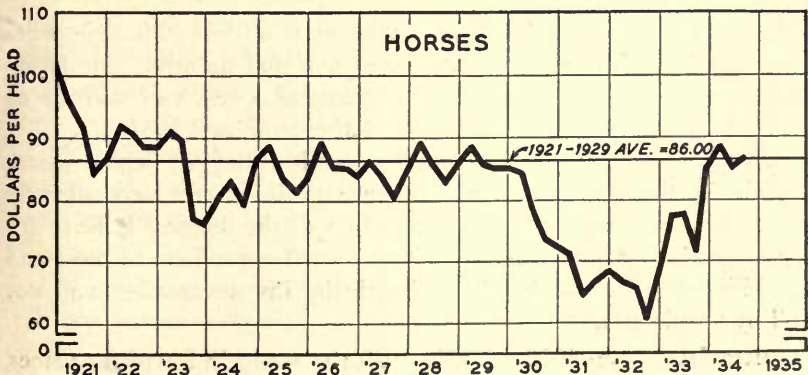


FIG. 15.—HORSES: QUARTERLY AVERAGE OF ILLINOIS FARM PRICE, 1921-1934

that was moderate compared with the average of all farm products. Upon the general rise in commodity prices in 1933, horse prices turned upward, and by the end of 1934 were again at 1921-1929 averages.

Because of reduced numbers of horses, prices for them will probably be high in relation to other farm products for a number of years when 1921-1929 averages are taken as a standard. But on a prewar (1910-1914) price basis they are likely to be relatively low because of a permanent reduction in demand.

LIVESTOCK AND POULTRY PRODUCTS

Milk. During the base period the price of milk on Illinois farms was quite stable at about \$2.36 per hundredweight (Fig. 16). From

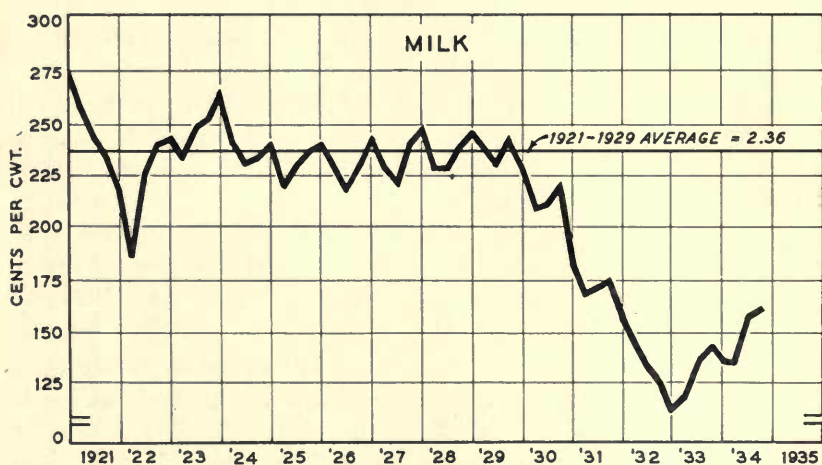


FIG. 16.—MILK: QUARTERLY AVERAGE OF ILLINOIS FARM PRICE, 1921-1934

the last quarter of 1929, however, to the first of 1933 milk prices declined steadily, with only two very brief seasonal upturns. Moderate improvement has occurred since 1933, partly as a result of scarcity of feed and reduced production because of the drouth of 1934.

In keeping with expectation, milk prices have lagged behind prices of grain in the rise since 1933 because grain prices were directly affected by short crops and the devaluation of the dollar. Milk prices must be tested constantly against the ability of consumers to buy; and this ability was increased only indirectly by the devaluation and not at all by the drouth.

Butterfat. From 1922 to early 1929 the trend in butterfat prices was steadily upward, tho at a somewhat irregular rate on account of

the usual seasonal fluctuations and the minor business depression of 1924 (Fig. 17). In the general price decline of 1929-1933, the downturn came early in butterfat prices because they are highly sensitive to consumer income and form an excellent indicator of business trends. The decline was steady, except for a brief seasonal upturn in 1931, dropping from 47 cents a pound in early 1929 to one-third of that price at the beginning of 1932. Since early 1932, when the low point was reached, the trend has been gradually but definitely upward.

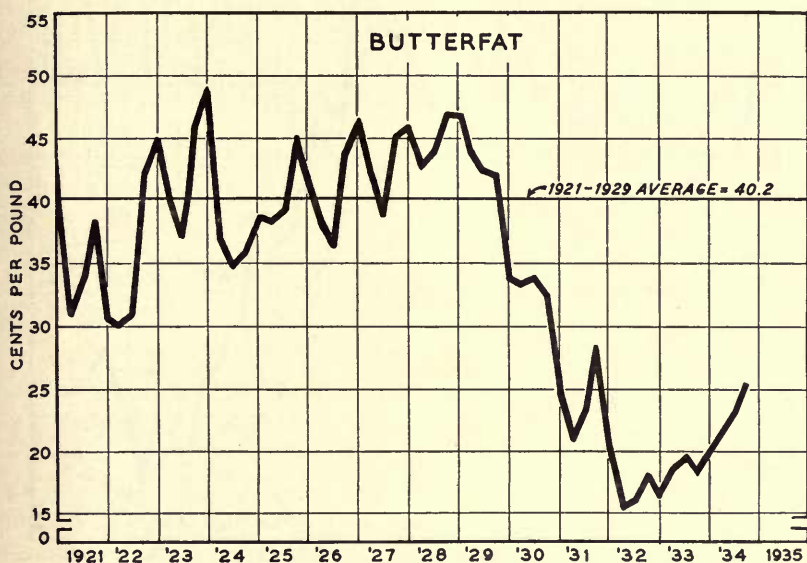


FIG. 17.—BUTTERFAT: QUARTERLY AVERAGE OF ILLINOIS FARM PRICE, 1921-1934

Continued improvement, however, depends on increased consumer income in the United States and a higher level of butter prices in foreign countries. World economic conditions have stimulated butter production and tended to concentrate surplus supplies in a few markets, thereby depressing the price in world market centers. Despite a tariff of 14 cents a pound on butter, low foreign price-levels will check a rise in domestic butter prices even tho consumers' incomes improve sufficiently to justify the higher price.

Chickens. Two cycles in chicken prices occurred during the base period, one in 1921-1926 and the other in 1926-1929 (Fig. 18). In 1929, when the decline of the current depression began, the price of live chickens was at a rather high level. The decline continued with but slight interruptions caused by seasonal changes, until late 1933.

The recovery since 1933 has been quite moderate. Chicken prices have been held down by the liquidation that has taken place in poultry flocks as a result of the rapid increase in feed prices, a situation that is to be expected in the early stages of a period of price recovery. Once this period of liquidation is over, somewhat better chicken prices may

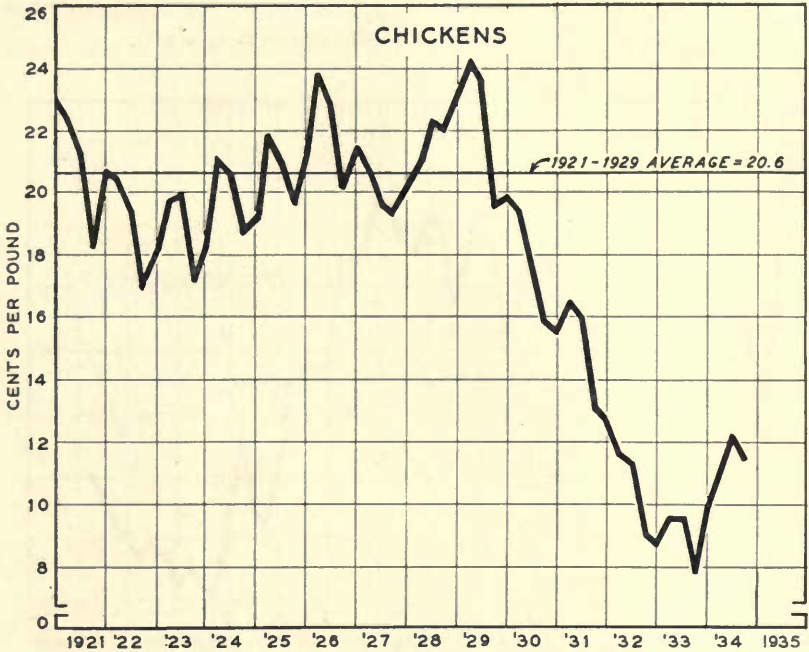


FIG. 18.—LIVE CHICKENS: QUARTERLY AVERAGE OF ILLINOIS FARM PRICE, 1921-1934

be expected, altho advances will be moderate until general consumer incomes increase more than they have up to the first of 1935.

Eggs. Egg prices are marked by wide seasonal fluctuations (Fig. 19). Since 1927, however, there has been a marked reduction in the price spread between the second and fourth quarters, with the late spring prices higher than formerly in relation to early winter prices. This narrowing of the price spread probably reflects a change in the methods used by poultrymen, many of whom are placing more emphasis than formerly on late fall and winter egg production, with the result that available supplies at those seasons are increased. There has been a steady decline in seasonal price peaks since 1925.

The general decline in egg prices began in 1929 and continued

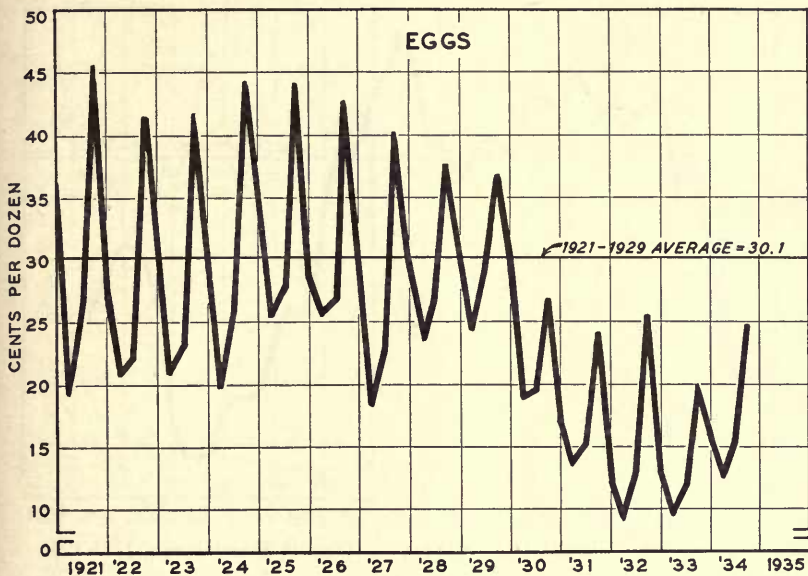


FIG. 19.—EGGS: QUARTERLY AVERAGE OF ILLINOIS FARM PRICE, 1921-1934

until the second quarter of 1932. Since then the trend has been very moderately upward. Altho the temporary influence of shortened production may strengthen egg prices, substantial recovery will not come until general economic conditions favor better prices for all of the animal foodstuffs, that is, until better employment conditions improve consumer incomes.

Wool. Wool, which represents the industrial raw materials better than any other Illinois farm product, recovered in price early in the 1921-1923 period and maintained a rather high level at an average of about 35 cents a pound from 1923 to 1928 (Fig. 20), but entered the great 1929-1932 price decline earlier than most farm products, falling precipitously from the high point of 43 cents a pound in the third quarter of 1928 to about one-fourth of the peak value in 1932. With the upturn in late 1932, wool prices increased sharply, the increase being about threefold in 1933; but upon the cessation of the textile boom of 1933, they began to drop back. It may be asked whether stability at about 70 percent of the 1921-1929 average suggests the level of prices which may be expected during the next period of business activity. Upon a basis of the price developments of 1922-1923, the best answer would be that the stability reached in 1934 indicates the lower range of such a level.

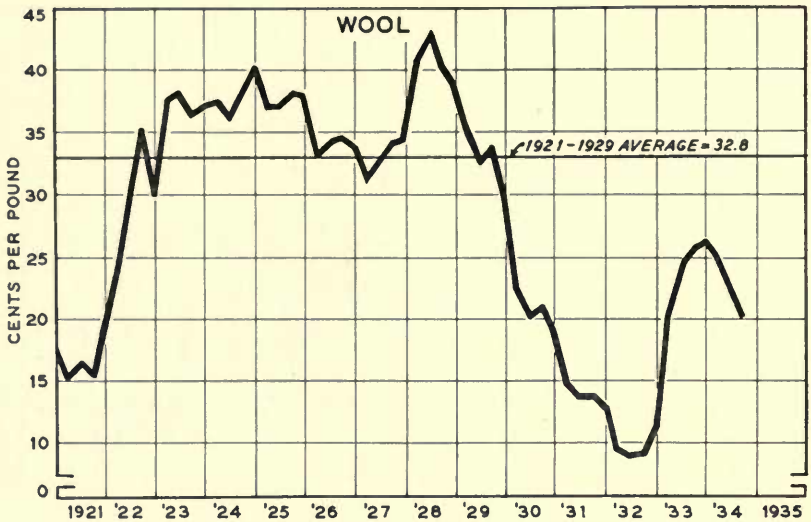


FIG. 20.—WOOL: QUARTERLY AVERAGE OF ILLINOIS FARM PRICE, 1921-1934

Because of increased wool production from a larger number of sheep in the United States, wool prices during the next few years are likely to be relatively lower than prices of the general run of farm products if 1921-1929 price averages are taken as standard.

MISCELLANEOUS PRODUCTS

Hay. Altho hay prices fluctuated widely from 1921 to 1932, the general trend was downward, with the rate of decrease somewhat more rapid after 1930 (Fig. 21). Hay prices ranged during this period from \$18.50 a ton in January, 1921, to \$12.40 a ton in the fourth quarter of 1930. By the fourth quarter of 1932 the price had dropped to \$5 a ton.

The decline during the earlier part of this period reflects decreasing demand for hay, caused by a decrease in livestock numbers. The average acreage of hay harvested in Illinois in 1930-1932 was only 79 percent of the average for 1920-1928, and average production was only 83 percent. A sharp increase in prices beginning in the first quarter of 1933, caused by shorter crops and higher feed prices, carried the price up to \$14.50 a ton at the end of 1934.

In view of the probable upward trend in production of hay within the state if AAA programs are continued, the future level of hay prices will probably be rather low, even in relation to 1921-1929 averages. Declines in hay prices, however, are of minor importance

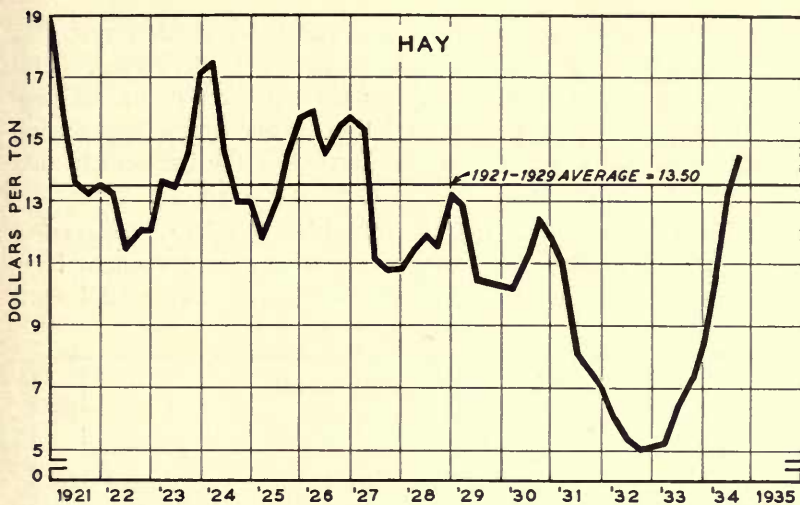


FIG. 21.—HAY: QUARTERLY AVERAGE OF ILLINOIS FARM PRICE, 1921-1934

to most Illinois farmers, for most of the hay produced is fed on the farm where it is grown and feeding value is not affected by price.

Clover Hay. Prices of clover hay have followed practically the same trend as prices of hay in general (Fig. 22). The decline from

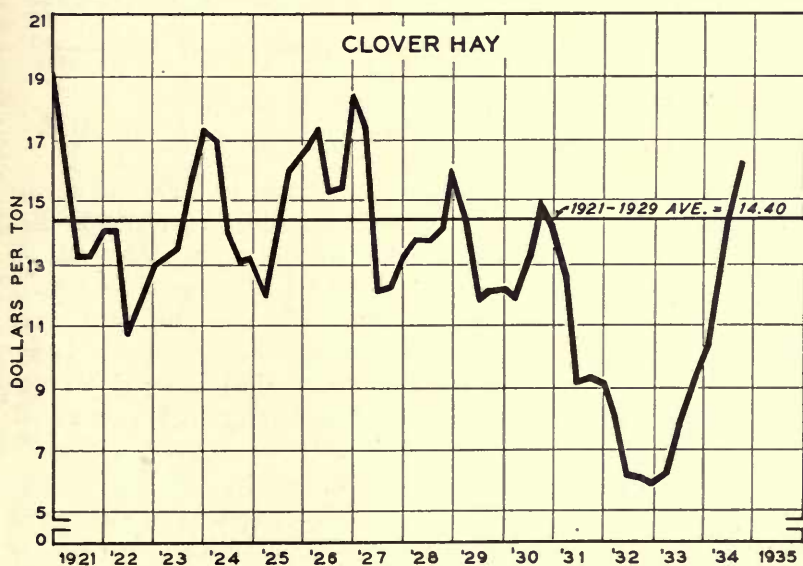


FIG. 22.—CLOVER HAY: QUARTERLY AVERAGE OF ILLINOIS FARM PRICE, 1921-1934

1921 to 1929 was not quite so clearly marked in legume hay prices as in the average of prices of all kinds of hay, but the same general fluctuations are clearly evident. An important factor in maintaining the market value of clover hay in relation to nonlegume hay during the base period was the increasing proportion of the hay supply that was used for feeding animals other than work animals.

Red Clover Seed. The price of red clover seed has apparently gone thru a long cycle since 1921, during which price changes have been quite abrupt (Fig. 23). The trend was upward from 1921 until

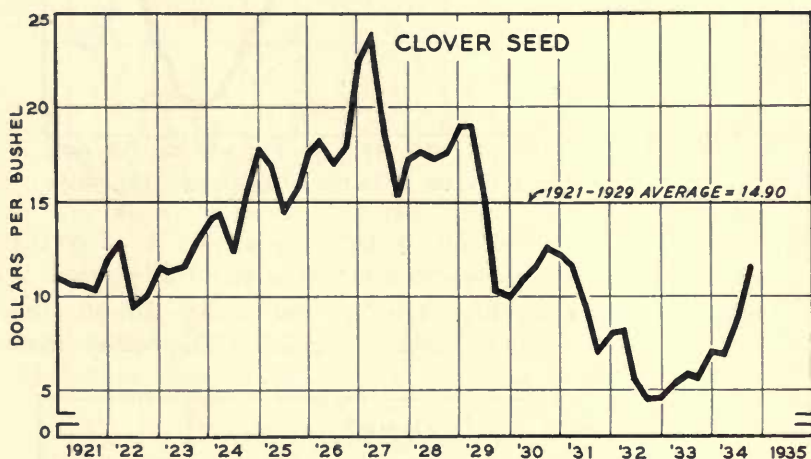


FIG. 23.—CLOVER SEED: QUARTERLY AVERAGE OF ILLINOIS FARM PRICE, 1921-1934

the peak price of nearly \$24 a bushel was reached in 1927, and downward from 1927 to the low of only \$4.25 a bushel in late 1932. Beginning with 1933 a definite rise brought the price up to around \$11.50 a bushel at the end of 1934.

During the next few years, except upon occasions of very short crops, prices of clover seed may be expected to be relatively lower than prices of other Illinois farm products when comparisons are based on 1921-1929 averages, because of the very high average of clover seed prices during the base period.

Potatoes. Potato prices are very erratic owing to wide variations in production coupled with the perishable nature of the crop and the fact that the demand for it is rather inflexible because of fixed food habits. This characteristic is well illustrated by the extremely high prices that obtained in late 1925 and early 1926 following the

unusually small crop of 1925 (Fig. 24). After this peak, potato prices declined sharply as a result of progressively larger crops stimulated by the high prices of 1925-1926 and culminating in the bumper crop of 1928. A downward trend began in the second quarter of 1930 and continued until the end of 1932. The upturn in 1933, following a short crop, was very sharp, and prices rose above their 1921-1929

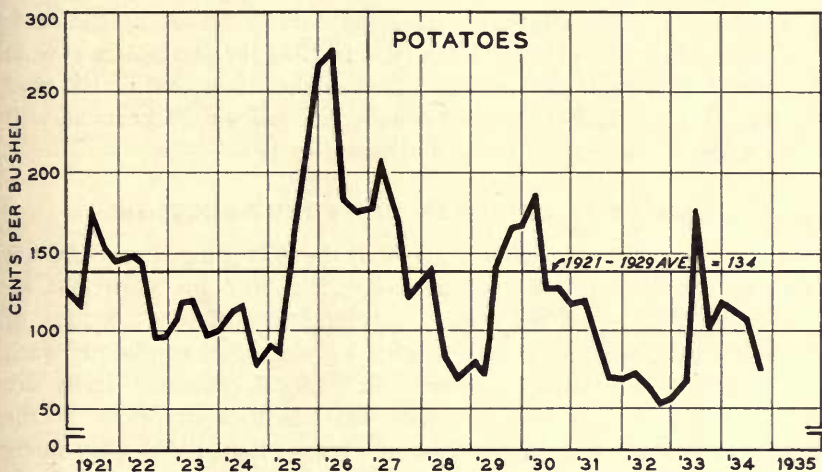


FIG. 24.—POTATOES: QUARTERLY AVERAGE OF ILLINOIS FARM PRICE, 1921-1934

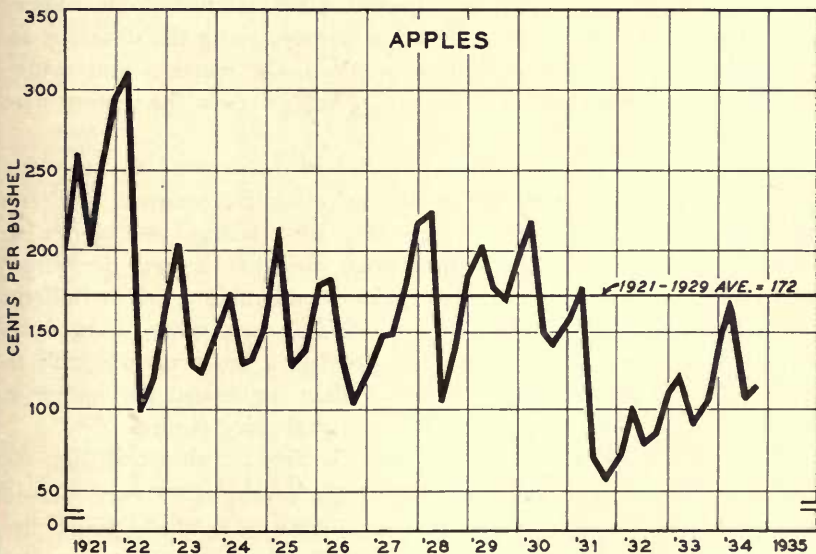


FIG. 25.—APPLES: QUARTERLY AVERAGE OF ILLINOIS FARM PRICE, 1921-1934

average in mid-1933. The 1934 crop was rather large, and at the end of 1934 prices were down around 75 cents a bushel.

Potato prices may be expected to be erratic in the future. Lower labor costs may lower the price in relation to other farm products when comparisons are based on 1921-1929 averages.

Apples. The price of apples dropped early in the depression from the 1921-1929 average of \$1.72 a bushel at the beginning of 1931 to a low of 60 cents a bushel during the harvest season of the same year (Fig. 25). Each season from 1932 to 1934 the farm price rose in the second quarter of the year to a peak higher than that of the year before. This rise reflects shorter commercial crops each year, as well as the general recovery in prices beginning in 1933.

CHANGES IN PRICES IN DIFFERENT SECTIONS

The prices and price trends given in the foregoing discussion are averages for the state as a whole rather than for any particular locality. Variations among prices prevailing in different sections of the state might be expected in view of varying local conditions, such as differences in distances to market or in local demand. There are rather striking indications, however, that declines in prices of the various commodities during the past five years (1930-1934) were fairly uniform in all sections of the state, and that, where variations in amounts of price declines did occur, the larger decreases in price were usually in those districts where prices had been relatively high. There are also some indications of price adjustments among the districts, as, for example, the decline of wheat prices in the western and southwestern parts of the state, and the rise of hog prices in the eastern part of the state.

Averages of prices prevailing in different districts of the state for the five years (1925-1929) before the price decline occurred, and for five years (1930-1934) during and after the decline, are shown in Table 1. For the period 1925-1929, price variations among the different sections of the state were reported in considerable detail in Bulletin 363 of this Station. The purpose of including here some of the facts presented in the former study is to provide a basis upon which to point out variations which have occurred in the extent of change in the different districts as a result of the general price decline.

The counties included in the various districts are shown in Fig. 26.

Corn. Differences between 1925-1929 averages of corn prices and 1930-1934 averages were quite uniform among the various districts, except that they were somewhat smaller in the northeastern dis-

TABLE 1.—AVERAGE FARM PRICES OF SELECTED FARM PRODUCTS IN CROP-REPORTING DISTRICTS OF ILLINOIS, 1925-1929 AND 1930-1934, AND PRICE DECREASES BETWEEN PERIODS*

District	Price			De-crease	Price			De-crease	Price			De-crease
	1925-1929	1930-1934			1925-1929	1930-1934			1925-1929	1930-1934		
	CORN (bushel)			OATS (bushel)			WHEAT (bushel)					
1. Northwest.....	\$.81	\$.46	\$.35	\$.40	\$.27	\$.13	\$1.26	\$.66	\$.60			
3. Northeast.....	.80	.47	.33	.44	.29	.15	1.28	.68	.60			
4. West.....	.81	.46	.35	.41	.27	.14	1.32	.66	.66			
4a. West-southwest.....	.80	.46	.34	.43	.28	.15	1.34	.66	.68			
5. Central.....	.78	.45	.33	.40	.26	.14	1.27	.64	.63			
6. East.....	.78	.44	.34	.39	.26	.13	1.25	.64	.61			
6a. East-southeast.....	.81	.46	.35	.44	.27	.17	1.31	.65	.66			
7. Southwest.....	.83	.48	.35	.49	.32	.17	1.40	.69	.71			
9. Southeast.....	.84	.49	.35	.49	.31	.18	1.38	.68	.70			
	HOGS (100 pounds)			BEEF CATTLE (100 pounds)			VEAL CALVES (100 pounds)					
1. Northwest.....	\$10.40	\$5.37	\$5.03	\$9.88	\$6.50	\$3.38	\$12.00	\$7.18	\$4.82			
3. Northeast.....	10.48	5.36	5.12	9.69	6.46	3.23	12.01	7.09	4.92			
4. West.....	10.67	5.47	5.20	9.88	5.89	3.99	11.44	6.64	4.80			
4a. West-southwest.....	10.64	5.47	5.17	9.24	6.07	3.17	11.76	6.84	4.92			
5. Central.....	10.61	5.42	5.19	9.35	6.31	3.04	12.05	7.00	5.05			
6. East.....	10.30	5.30	5.00	8.85	5.93	2.92	11.76	7.02	4.74			
6a. East-southeast.....	10.39	5.41	4.98	8.16	5.73	2.43	11.44	6.64	4.80			
7. Southwest.....	10.40	5.37	5.03	7.52	5.01	2.51	11.85	6.94	4.91			
9. Southeast.....	10.36	5.25	5.11	7.81	4.87	2.94	10.76	6.40	4.36			
	LAMBS (100 pounds)			MILK COWS (head)			HORSES (head)					
1. Northwest.....	\$12.98	\$6.59	\$6.39	\$ 90	\$52	\$38	\$99	\$81	\$18			
3. Northeast.....	13.00	6.82	6.18	107	65	42	96	89	7			
4. West.....	12.19	6.45	5.74	76	43	33	86	73	13			
4a. West-southwest.....	12.71	6.73	5.98	83	47	36	73	63	10			
5. Central.....	12.53	6.61	5.92	82	47	35	99	81	18			
6. East.....	12.49	6.40	6.09	81	45	36	96	79	17			
6a. East-southeast.....	12.07	6.40	5.67	72	43	29	71	70	1			
7. Southwest.....	11.90	6.40	5.50	71	42	29	78	73	5			
9. Southeast.....	11.56	6.06	5.50	64	37	27	70	62	8			
	BUTTERFAT (pound)			EGGS (dozen)			CHICKENS (pound)					
1. Northwest.....	\$.44	\$.25	\$.19	\$.31	\$.18	\$.13	\$.22	\$.13	\$.09			
3. Northeast.....	.45	.25	.20	.35	.21	.14	.23	.15	.08			
4. West.....	.42	.23	.19	.30	.16	.14	.20	.12	.08			
4a. West-southwest.....	.42	.23	.19	.30	.16	.14	.21	.12	.09			
5. Central.....	.43	.23	.20	.32	.18	.14	.22	.13	.09			
6. East.....	.43	.23	.20	.32	.18	.14	.22	.13	.09			
6a. East-southeast.....	.42	.22	.20	.30	.17	.13	.21	.12	.09			
7. Southwest.....	.40	.22	.18	.30	.17	.13	.21	.12	.09			
9. Southeast.....	.40	.21	.19	.30	.16	.14	.21	.12	.09			
	HAY, ALL KINDS (ton)			CLOVER HAY (ton)								
1. Northwest.....	\$12.99	\$ 8.88	\$ 4.11	\$13.51	\$ 9.72	\$ 3.79						
3. Northeast.....	14.86	10.94	3.92	15.64	12.59	3.05						
4. West.....	12.02	7.69	4.33	13.62	9.22	4.40						
4a. West-southwest.....	12.82	8.68	4.14	14.35	10.31	4.04						
5. Central.....	15.53	9.76	5.77	15.45	10.69	4.76						
6. East.....	15.96	10.00	5.96	14.59	10.20	4.39						
6a. East-southeast.....	10.59	7.65	2.94	13.15	9.63	3.52						
7. Southwest.....	14.62	10.00	4.62	16.48	11.38	5.10						
9. Southeast.....	11.58	8.09	3.49	14.90	10.07	4.83						

*Averages of unpublished data compiled by the Division of Crop and Livestock Estimates, Bureau of Agricultural Economics, U. S. Department of Agriculture.

trict (Chicago dairy area) and in the central district. The price declines ranged from 33 to 35 cents a bushel, with a decline of 35 cents common to five districts.

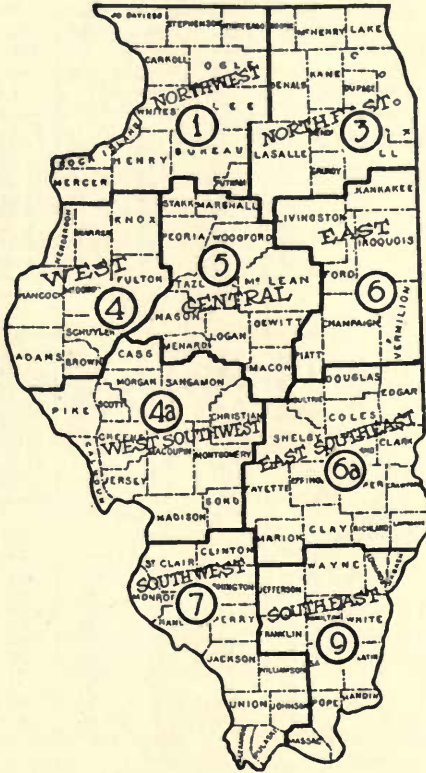


FIG. 26.—LOCATION OF ILLINOIS CROP REPORTING DISTRICTS
These are the districts for which prices are shown in Table 1.

Oats. Declines in oats prices were somewhat larger in the districts where they averaged highest during both periods—in the northeastern district and the four southern districts. There was thus a tendency toward more nearly uniform oats prices in different parts of the state during the period 1930-1934.

Wheat. Wheat prices likewise were more nearly uniform over the state during the later period. Declines were largest in the sections where wheat prices were higher in the earlier period, that is, in the western and southern sections of the state. The maximum variation in wheat prices among the different districts was 5 cents in 1930-1934 and 15 cents in 1925-1929. This more nearly uniform price over the

state reflects the disappearance of or decline in the premiums paid for the softer wheats grown in the western and southern counties.

Hogs. Again there was a tendency toward more nearly uniform prices among the various districts. Somewhat smaller declines in hog prices were registered in sections where averages were lower in 1925-1929 than in sections where they were higher. Hog prices continued to be somewhat higher, however, in the important hog-producing sections in western, west-southwestern, and central Illinois, even tho prices in the east and east-southeastern districts rose relatively. In the latter districts a considerable development of local livestock markets moving hogs to various eastern markets may have been a factor in raising the price of hogs in relation to prices prevailing in the western part of the state.

Beef Cattle. Declines in prices of beef cattle were larger in the northern and western parts of the state, where the average prices of beef cattle are higher. The western district dropped from first rank (on a basis of average prices paid for beef cattle) to sixth among the districts. The variation in amount of change among the different districts may perhaps be accounted for in part by a change in quality of animals upon which prices were quoted. One of the reasons for differences in average prices for cattle among the districts at any given time is the difference in type and quality of cattle in the various districts.

Veal Calves. Decreases in prices of veal calves were quite uniform among the districts.

Lambs. Decreases in price were somewhat larger in the northern part of the state where prices of lambs were highest.

Milk Cows. Decreases in dollars per head for milk cows were largest in the two northern districts, but on a percentage basis the declines were much the same in the north and south. Average prices of milk cows in the different districts maintained the same relative positions in the two periods, largely because of differences in quality of cows and in proximity to fluid-milk markets.

Horses. An interesting feature of horse prices in the various districts was the small decline in the southern part of the state. The small decline there possibly reflects an increased local demand for horses as a result of a greater interest in farming in the areas of comparatively low land values. The largest declines occurred in those districts in which relatively higher prices for horses prevailed in the earlier period—in the northwestern, central, and eastern districts.

Butterfat. Declines in butterfat prices were nearly uniform among all districts.

Eggs. Declines in egg prices also were nearly uniform among the districts.

Chickens. Declines in prices of chickens were quite uniform.

Hay (All Kinds). The largest declines in hay prices occurred in the eastern and central areas where the highest averages prevailed in 1925-1929. The smallest declines occurred in the east-southeast, where prices averaged lowest in 1925-1929. Possibly the quality and kind of hay reported in this district changed between these two periods. These price changes brought about greater uniformity in hay prices among the different districts.

Hay (Clover). Decreases in prices of clover hay were largest in the two southern, the eastern, central, and western districts. The average price was highest in 1930-1934 in the northeastern district (the Chicago dairy area) and in the southwestern district, part of which lies in the St. Louis dairy area.

COMPARISON OF PRICES OF INDIVIDUAL PRODUCTS, 1931-1933 AND 1934

In the preceding section the general price trends of various Illinois farm products, and variations in prices prevailing in different parts of the state, were reviewed. All of these products had a tendency to decline in price from 1929 thru 1932, and with a few exceptions to recover after the early part of 1933. In all cases the decline has been checked.

In this section is presented the relative positions, according to prices, of the different Illinois farm products for the period 1931-1933 (including two years of decline and one of recovery) and for 1934. The average price of these products was 86 percent of the 1910-1914 average in 1931, 58 percent in 1932, and 63 percent in 1933.

RELATIVE POSITIONS OF DIFFERENT PRODUCTS, 1931-1933

A general decline in prices of all commodities is evidence of the operation of some common force, rather than of particular forces affecting various commodities individually. This is particularly true, so far as farm products are concerned, when price declines for individual products are fairly uniform in all sections of the state. The common force operating during 1931-1932 was primarily the increase in the value of gold in relation to commodities. This was caused pri-

marily by monetary readjustments made by the various countries endeavoring to place their currencies back on the gold standard, which they had abandoned during the war of 1914-1918. This monetary instability caused a decline in the general price-level in all countries of the world which were on the gold standard. The difficulties created by the severity of the decline, and the general depression and financial panic which ensued, forced prices lower than probably was necessary to offset the monetary readjustments. The point is that it was a common factor that caused the decline, rather than particular factors affecting the supply of and demand for individual products.

The extent of the price decline, however, varied among different products. The amount of the price decline of any single commodity reflects the collective effect of all influences acting upon that commodity—the common force previously mentioned and all of the particular forces peculiar to that individual commodity.

In the following comparisons the price of each commodity is expressed as a percentage of the 1921-1929 average price of that commodity. The relative position of any price is always influenced by its position during the base period, regardless of what base is selected. If the price was relatively high in the base period, the relative price for other periods is low, and *vice versa*. In the 1921-1929 period horses, hay, barley, and oats were cheap in relation to prewar (1910-1914) averages, and lambs, chickens, potatoes, apples, wool, red clover seed, and butter were high.¹ Consequently, when prices during subsequent periods are compared with prices during the base period 1921-1929, commodities in the first group (horses, hay, etc.), which were relatively cheap in 1921-1929, are usually found to be relatively higher in price than commodities in the second group (lambs, chickens, etc.), which were relatively high during 1921-1929. This difficulty would occur with any base period which might be chosen. The use of a base period nine years long, however, tends to reduce the differences, since the longer the period the greater the likelihood that it will include periods both of high and of low prices.

The positions in 1931-1933 and in 1934 of the various farm products, grouped by classes, are shown in Fig. 27.

Grains. The grains were relatively cheaper than other commodities in 1931-1933, the median of the group being 44 percent of 1921-1929 prices. The medians for the livestock group were 59 percent, for the livestock and poultry products group, 50 percent, and for the miscellaneous group, 58 percent.

¹Ill. Agr. Exp. Sta. Bul. 363, p. 518.

Compared with 1921-1929 prices, prices of feed grains were highest, bread grains second, and legumes lowest.

Barley stood at the top of the grain group during the period from 1931 to 1933, with an average price that was 59 percent of 1921-1929

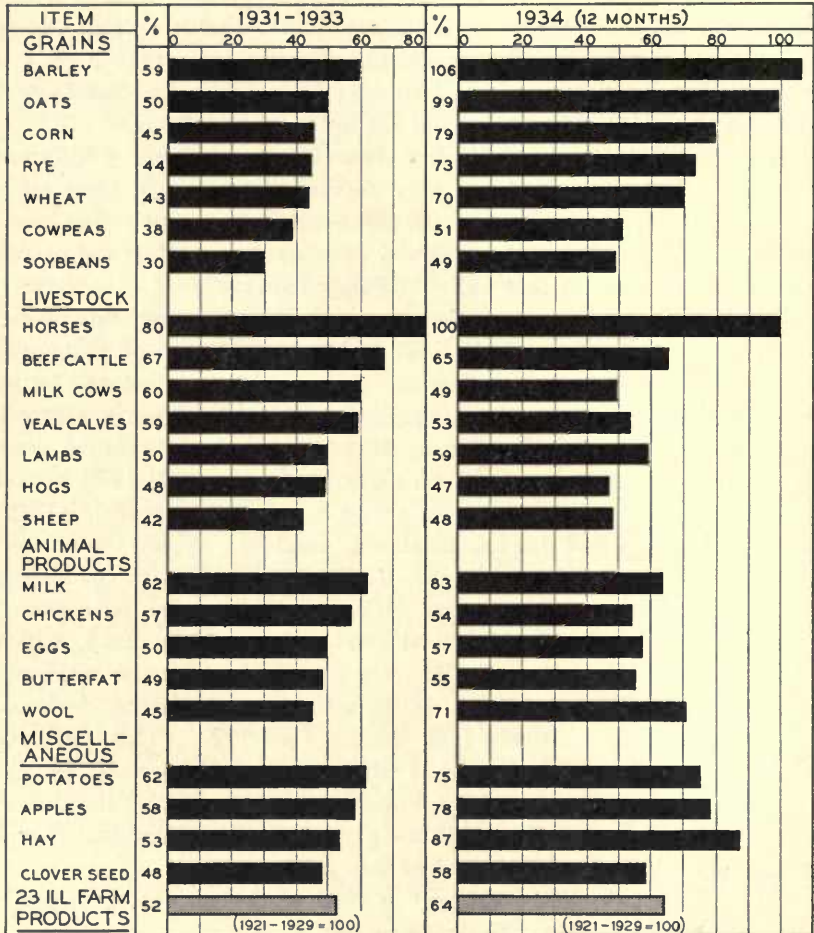


FIG. 27.—COMPARATIVE FARM PRICES RECEIVED FOR DIFFERENT ILLINOIS FARM PRODUCTS, 1931-1933 AND 1934

During the period 1931-1933 the prices of grains, as compared with 1921-1929 prices, had declined more than the prices of other groups of farm products. In 1934 the decline had been checked, and prices of all the farm products except hogs, beef cattle, milk cows, veal calves, and chickens were higher. The different products changed their relative price positions considerably in 1934 as compared with 1931-1933. Recovery was most marked in crops. Livestock and livestock products lagged behind.

averages. Oats were second, with a price averaging 50 percent of the 1921-1929 base. In general these two grains maintained these positions thruout the period: barley ranked first in each of the three years, and oats second in two. Both were very cheap in the base period, judged by prewar standards.

Corn held third position among the grains over the period of three years, with a price averaging 45 percent of 1921-1929 averages, but was fifth in both of the last two years.

Rye and *wheat* were fourth and fifth for the three-year period, averaging respectively 44 and 43 percent of the 1921-1929 base. In the last two years rye occupied third position and wheat fourth.

At the bottom of the list were the two legume crops, *cowpeas* and *soybeans*, with average prices that were 38 and 30 percent respectively of the 1921-1929 averages. Soybeans ranked seventh each year. In part, this low relative position of soybeans reflects a relatively high position during the base period. Soybeans were then a new crop and, especially in the early years of the base period, were marketed largely as seed for the increasing acreage of an expanding enterprise. The low position in 1931-1933 also reflects the effect of expanding production at a time when marketing outlets were still in the process of development.

Changes in Production of Grains, and Other Factors Related to Grain Prices. Under modern marketing conditions prices of the principal grains are determined from hour to hour by the interplay of supply and demand as expressed thru transactions on the principal produce exchanges. These prices are easily obtainable and generally known. Consequently, when transportation and communication facilities are not disrupted, the price of a given grade of grain in one locality seldom varies by more than the transportation and handling differential from the price of the corresponding grade of grain in another locality.

It is because of this sensitivity of grain prices that it is necessary to consider the factors affecting prices of grains in the United States as a whole when analyzing the factors responsible for prices of grains in Illinois. Production is obviously one of the most important of such factors. The average annual production of grains in the United States in 1930-1932 and 1920-1928 are shown in Table 2. In general, the production of *barley*, *wheat*, and *soybeans* during the later period increased, whereas *oats*, *corn*, and *rye* production declined.

The United States *barley* crop, relatively highest in price among the cereals (see page 30), averaged 41 percent larger in 1930-1932

than in 1920-1928. The favorable price position of barley at a time when production was relatively high indicates an increased demand for it in relation to other cereals, an increase in demand which can be largely explained by the increased activity in the brewing industry, which uses large quantities of barley. Exports of barley dropped from an average of 30 million bushels annually in 1920-1929 to about 7 million bushels annually in 1930-1932. The demand for barley was strong enough to maintain a relatively high price position without heavy exports.

TABLE 2.—CHANGES IN AVERAGE ANNUAL PRODUCTION OF SIX CROPS IN THE UNITED STATES, 1920-1928 AND 1930-1932^a

Crop	Average bushels per year 1920-1928	Average bushels per year 1930-1932	Ratio of second period to first
	<i>millions</i>	<i>millions</i>	<i>perct.</i>
Corn.....	2 321.2	2 156.6	92.9
Oats.....	1 250.4	1 216.5	97.3
Wheat.....	822.1	855.3	104.1
Barley.....	190	268.1	141.1
Rye.....	56.4	39.7	70.0
Soybeans.....	6.6 ^b	13.6	206.1

^aU. S. Dept. Agr. Yearbook. 1934. ^bData for 1924-1928 only.

The production of *corn* and *oats*, the two major feed grains, averaged lower in 1930-1932 than in 1920-1928. Corn production declined 7 percent and oats production 3 percent. In the later period the corn crop was very short one year, large another, average the third. The three oat crops were about average. Exports of corn in some years of the base period were quite large, with the net exports averaging 52 million bushels (nine-year period July 1, 1920, to June 30, 1929), compared with net exports of only about 5 million bushels a year in 1930-1932. Exports of oats averaged 17 million bushels and 4 million bushels respectively in the two periods. In the disposal of the total supply of both corn and oats, however, exports are an insignificant item.

Two of the *wheat* crops during the period from 1930 to 1932 were larger than average, and the third was only slightly smaller than average. Consequently the average annual production of wheat in the United States was 4 percent larger in 1930-1932 than in 1920-1928. In relation to the human population of the United States, the domestic wheat supply diminished, for the population is estimated to have increased 10.8 millions, or 9 percent, between the mid-points of 1920-1928 and 1930-1932. It is thus obvious that the slight increase in domestic wheat production did not cause the relatively low price of

wheat. The cause was rather the decline in export demand. Average net exports of wheat, including the wheat equivalent of exported flour, declined from an average of 200 million bushels a year in the nine-year period from July 1, 1920, to June 30, 1929, to an average of 89 million bushels in the three-year period beginning July 1, 1930 (see page 58). Inasmuch as wheat production declined only slightly in relation to the increase in population, the decline in wheat exports caused the accumulation of a carryover which, on June 30, 1933, amounted to approximately 400 million bushels. Average annual wheat production by all countries (except Russia and China) in the period 1930-1932 showed an increase of about 430 million bushels, or 13 percent, over that of the period 1920-1928—an average yearly increase of about 2 percent between the midpoints of the two periods. Russia exported an average of about 90 million bushels a year during the later period, compared with a negligible amount during the years immediately after the war. As a result of the changes in world wheat production and consumption, the accumulated world stocks of wheat increased heavily, and the largest concentration was in the United States. The peak of this accumulation occurred in 1933.

The damming back of wheat in the United States was accompanied by a decline in the domestic price of wheat relative to the prices of other cereals. Wheat dropped to the status of a feed grain in many sections of the country. The estimated quantity fed on the farms of producers increased from an average of 43 million bushels a year for the period 1920-1928 to 150 million bushels in 1933.

Average annual production of *rye* in the United States in 1930-1932 was only 70 percent as large as in 1920-1928. The relatively low price of this grain, therefore, was not caused by high production. Exports of *rye* in 1930-1932 averaged less than half a million bushels a year, while they averaged 30 million bushels a year in the earlier period. The 16-million-bushel reduction in the average annual production of *rye* was thus only about half enough to offset the decline in exports, and the forcing of the remainder into other uses tended to lower the relative price of *rye*. Because of short crops in 1934, however, some *rye* was imported into the United States. Average annual production of *rye* in all countries (except Russia and China) in 1930-1932 showed an increase of 97 million bushels, or about 2 percent a year, over that of 1920-1928.

Estimates of *soybean* production in the United States go back only to the 1924 crop. The average crop from 1930 to 1932 was twice as large as from 1924 to 1928. This increase in volume of production,

changing soybeans from a crop largely disposed of as seed to one which went in considerable part to mills for conversion into oil and meal, accounts for the lower relative position of soybean prices. This adjustment is natural, and is common to all new crops which achieve commercial importance.

Livestock. During the period 1931-1933 average prices of *horses* (80 percent of 1921-1929 prices) were highest of the livestock prices as compared with prices during the base period 1921-1929. In each of the three years horses ranked either first or second in price. The relatively high horse prices in 1931-1933 are explained (1) by the relatively low price of horses during the base period as compared with prewar prices, and (2) by the increasing scarcity of horses in 1931-1933 in relation to demand. From a long-time standpoint, demand for horses is much reduced compared with that which prevailed in the pre-tractor and pre-automobile era.

Beef-cattle prices, which during 1931-1933 were 67 percent of 1921-1929 prices, held second place among livestock prices. In each of the three years beef cattle ranked either first or second. As the beef-cattle industry was in the expanding phase of its cycle in this period, there was a tendency for prices to be maintained until it became necessary for stockmen to increase their marketings, which occurred in 1933.

Milk cows ranked third in price position, averaging 60 percent of 1921-1929 prices for the three-year period, and also being in third place in each of the three years. In general the trend of prices of milk cows tends to follow basic beef-cattle prices.

Prices of *veal calves* held fourth position, averaging 59 percent of 1921-1929 prices for the three-year period, and occupying fourth rank in each of the three years. Correlation with cattle prices is obvious.

Lambs, at prices averaging 50 percent of 1921-1929 prices, ranked fifth in the livestock group. That, judged by prewar prices, lambs were rather high in the base period, would partially account for their relatively low position during 1931-1933. The relatively low position may be further explained (1) by an increased supply during a period of liquidation in the sheep-industry cycle; (2) by the circumstance that demand for lamb meat—a semi-luxury type of meat—was probably more adversely affected by the depression than the demand for some other classes of meat; and (3) by low wool prices exerting a depressing influence on lamb prices.

Hogs ranked sixth among the livestock in 1931-1933, their prices averaging 48 percent of 1921-1929 prices, and holding sixth place two years and fifth one year. The relative price (48 percent) was close

to that of corn (45 percent) during this period. The relatively low hog prices in 1931-1933 were largely the result of (1) a steady decline in the domestic consumer income—the chief factor in the situation, and (2) weak export markets for lard.

Sheep held lowest place among the livestock in 1931-1933, their prices averaging only 42 percent of the 1921-1929 base. Low prices for lambs, combined with still lower prices for wool, explain the relatively low prices for sheep.

Livestock and Poultry Products. The relative positions occupied by the five livestock and poultry products during the three-year period 1931-1933, when 1931-33 prices are expressed as percentages of 1921-1929 prices, were, from highest to lowest, *milk, chickens, eggs, butterfat, and wool*. These products were, on the whole, relatively cheaper than livestock probably because they were all, compared with prewar prices, high during the base period.

Milk ranked either first or second in price during each year of the three-year period and averaged 62 percent of 1921-1929 prices. It was relatively higher than any of the grains and was exceeded only by horses and beef cattle in the animal group. That milk was considerably higher in price, relatively, than butterfat may be explained by the fact that the method of marketing milk tends to hold up its price and there is a more stable demand for milk for such uses as food for children. Declining rates of consumption indicate that the price of milk was held too high in relation to other foods by means of organized marketing methods.

Chickens in 1931-1933 ranked second among the five livestock products, prices for them averaging 57 percent of 1921-1929 prices. During the base period the price of chickens was rather high compared with prewar standards. In 1933, chickens dropped to fifth place as a result of increased marketings caused partly by the rapid rise in grain prices.

Egg prices in 1931-1933 averaged 50 percent of 1921-1929 prices, giving eggs third rank among the five products here considered. They were relatively about 15 percent higher than the average of corn and wheat prices.

Butterfat prices in 1931-1933 averaged 49 percent of 1921-1929 prices, giving this commodity fourth place among the five products. This relatively low position was largely the result of two factors. First, consumer incomes were low. Butterfat prices reflect very closely changes in consumer incomes, as the market price of butter is fixed

daily, and the product may be held in storage for only comparatively short periods of time. Second, the butter market, during this period, absorbed large surpluses from the fluid-milk industry. Butter is always the safety valve of the dairy industry, absorbing surpluses which cannot be disposed of as fluid milk or otherwise. In times of slack general demand and lagging fluid-milk prices, a relatively large part of the total milk supply must be diverted to butter manufacture.

Wool, at prices averaging 45 percent of 1921-1929 prices in 1931-1933, ranked fifth among the five products in 1931 and 1932 and first in 1933. This low position during the first two years reflects the slack demand which might be anticipated in a period of severe business depression when consumers postpone the purchase of woolen clothes. Furthermore supplies of wool were relatively larger during these years than in the base period. The jump in the price and rank of wool (a staple product with an international market) in 1933 was to be expected upon the adoption of governmental policies permitting the dollar to decline in value. A period of increased activity in the woolen industry began in the second quarter of 1933 as the prospects for higher prices were more generally recognized. The adoption of a system of controlled marketing of wool, the production of which had been financed by governmentally capitalized institutions, probably had something to do with timing the change in prices of wool, but it was not a basic cause of the change.

Miscellaneous Products. The four items included in this group, ranked in the order of their relative prices for the three-year period 1931-1933, were *potatoes*, *apples*, *hay*, and *red clover seed*.

Potatoes were relatively highest in price in 1931 and 1933, and were in second place in 1932. *Hay* shared first place with potatoes in 1931, and held third place in 1932 and 1933. *Apples*, ranking fourth in 1931, first in 1932, and second in 1933, showed more variation than any of the other miscellaneous products. *Clover seed*, the demand for which arises from the value of clover as a hay crop and as a soil builder, held third position in 1931 and fourth in 1932 and 1933.

RELATIVE POSITIONS IN 1934

All Illinois farm products except hogs, beef cattle, milk cows, veal calves, and chickens averaged higher in price during 1934 than during the three preceding years (1931-1933). The different commodities changed their relative price positions considerably in 1934 compared with the earlier period, owing to serious drouth, forced liquidation of cattle, and completion of the process of monetary devaluation to 59

percent of the old parity. Recovery was most marked in crops. Live-stock and livestock products lagged behind.

The price changes discussed in this section will be made clear by reference to Fig. 27. The 1934 prices, as well as the 1931-1933 price averages, are expressed in percentage of 1921-1929 prices. The differences pointed out are thus differences in relationship to the common base. Furthermore it should be kept in mind that 1934 prices are not compared with prices that occurred in the low point of the depression, but with the average of the three years that included most of the period of rapid price decline as well as the bottom.

Grains. No change occurred in the relative positions of the grains in 1934 compared with 1931-1933. The feed grains retained the leading positions, with barley at the top, oats second, and corn third. The bread grains were next, and the two legume crops were lowest. Price increases for the different grains ranged from 13 to 49 points. The unweighted average increase was 30 points.

Livestock. The changes in the relative price positions of the different kinds of livestock between 1931-1933 and 1934 were: (1) a rise in prices of lambs and sheep in relation to cattle; and (2) a drop in the relative price of hogs, which put them in the lowest place.

The changes in cattle and sheep prices represent cyclical changes. The cattle cycle was in the liquidating phase in 1934, and increasing marketings lowered cattle prices in relation to other commodities. The sheep cycle had, on the other hand, gone thru the liquidating stage, and sheep prices were turning upward. The sharp rise in the relative price of wool, which was due chiefly to the fact that wool prices are rather immediately affected by monetary devaluation, also helped the position of lambs and sheep. Hog prices lagged because the large supplies caused by the large corn crop of 1932 were being marketed until the middle of the year, and because the processing tax tended to hold down hog prices in the early part of the year.

Price changes for the different kinds of livestock ranged from a decline of 11 points for milk cows to a rise of 20 points for horses. The unweighted average increase was 2 points.

Livestock and Poultry Products. Wool in 1934 occupied, instead of fifth rank as in 1931-1933, first place among the five products here considered. This change, which occurred in 1933, was, as stated previously, an illustration of the elevating effect of monetary devaluation on the price of a staple commodity, the price of which is closely linked to foreign markets.

Another change in the group was in the relative price of chickens,

which dropped to last place, a change which had already taken place in 1933, and which reflects the effect of liquidation of breeding stock when costs (feed prices) rise sharply as in 1933. Feed prices rose largely in response to monetary devaluation, and thus the immediate effect of monetary change was to hurt the position of the poultry industry. When poultry numbers are reduced in response to the less favorable prices, however, a part of this disadvantage will disappear, but prices of all the domestically consumed foods will of necessity be held down in spite of increased feed costs until internal purchasing power (total wages, etc.) rise sufficiently to enable the market to absorb the normal supply at an increased price.

Price changes in this group ranged from a decline of 3 points for poultry to a rise of 26 points for wool. The unweighted average increase was 7 points.

Miscellaneous Products. All the miscellaneous products were higher in 1934 than in 1931-1933. The unweighted average increase was 19 points. Potatoes and hay exchanged relative positions, and the new order became hay, apples, potatoes, and red clover seed.

RANGE AND VARIATIONS IN SEPTEMBER PRICES OF INDIVIDUAL PRODUCTS FROM 1930 TO 1934

The method used in presenting data on prices of twenty-four Illinois farm products in the foregoing section served primarily to show the average position of individual products in small groups of similar products. Only the average relative positions were shown, because comparisons were made between averages of prices extending over several years.

In this section are presented data showing the distribution or *range* in prices of twenty-one Illinois farm products, and variations of prices of individual products from the average, during each year from 1930 to 1934. As in the preceding section, however, *relative* prices (percentages of average prices during the base period, 1921-1929) are used instead of the actual prices in dollars and cents. Furthermore the price used as a basis of comparison in each year is not an average for the year, but is the price during the month of September.

Analysis of the groups into which the September relative prices fall indicates that there are definite tendencies for certain classes of items to fall or rise together in periods of price decline or recovery (Table 3 and Fig. 28). These tendencies are obscured, however, by the effects of variations in the size of crops from year to year and the influence of production cycles on the price position of certain

TABLE 3.—SEPTEMBER PRICE INDEXES OF TWENTY-ONE ILLINOIS FARM PRODUCTS, 1930 TO 1934*
(Average of September prices in 1921-1929 = 100)

Products	1930	1931	1932	1933	1934
Apples.....	108.9	44.4	56.4	76.6	89.0
Barley.....	91.7	58.3	38.3	81.7	121.6
Beef cattle.....	102.2	74.2	66.9	56.0	72.0
Butterfat.....	94.6	66.5	43.5	46.0	59.0
Chickens.....	88.3	76.7	53.4	44.2	62.0
Clover seed (red).....	92.1	56.8	38.4	42.2	67.0
Corn.....	109.9	44.4	27.2	50.6	91.0
Eggs.....	77.2	57.0	51.7	45.0	67.4
Hay.....	98.5	63.0	42.8	53.3	111.0
Hogs.....	98.8	55.9	38.9	38.4	63.0
Horses.....	87.1	75.3	75.3	87.0	105.0
Lambs.....	71.4	51.9	43.6	55.6	55.0
Milk.....	99.6	81.9	59.7	59.7	66.4
Milk cows.....	97.2	70.4	53.5	49.3	52.0
Oats.....	94.4	44.4	30.6	83.3	133.0
Potatoes.....	99.2	63.5	37.3	134.9	79.0
Rye.....	68.2	37.6	32.9	76.5	95.0
Sheep.....	71.3	42.4	35.7	40.7	41.0
Veal calves.....	93.7	71.9	51.9	51.9	58.0
Wheat.....	68.1	31.9	35.3	63.8	81.8
Wool.....	62.9	41.9	26.9	71.8	63.0

*Basic data obtained from Illinois—U. S. Crop Reporting Service.

classes of livestock and livestock products. A tendency for grain prices to decrease more than livestock (except hog) prices, and for milk prices to hold up well thru the period of price decline, may be isolated. On the whole, however, divergencies from the general trend, either downward or upward, resulting in a grouping of items, reflect the combined effect of random or particular influences affecting individual products and separate classes of products, rather than a general influence dividing the commodities into two fairly exclusive groups which would tend to continue thruout the periods of decline and rise.

In general it is evident from Fig. 28 that (1) some force operated to depress prices generally from 1930 to 1932; (2) another force operated toward a general rise in prices from 1932 to 1934; (3) there was a tendency for two distinct groups to form on the decline, possibly indicating some force or forces operating to cause a disparity among different groups of commodities; and (4) the force causing disparity on the decline also operated in the first year of recovery, but tended to disappear in the second, altho a wide dispersion of items developed, indicating a variety of forces operating.

Distribution of Prices in 1930. In the distribution of the relative prices of the twenty-one Illinois farm products in 1930, there was a pronounced concentration of items (nearly half) in a group in which prices ranged from 90 to 100 percent of 1921-1929 averages (Fig. 28). This concentration might indicate that there was some common force

operating to reduce Illinois farm-product prices about 5 percent below the 1921-1929 average. There was, however, in addition to the concentration at 90-100, a tendency toward formation of a second group centered at 70 percent of 1921-1929 averages, in which were included six items, or nearly one-third of the total.

The major forces responsible for the division of the relative prices

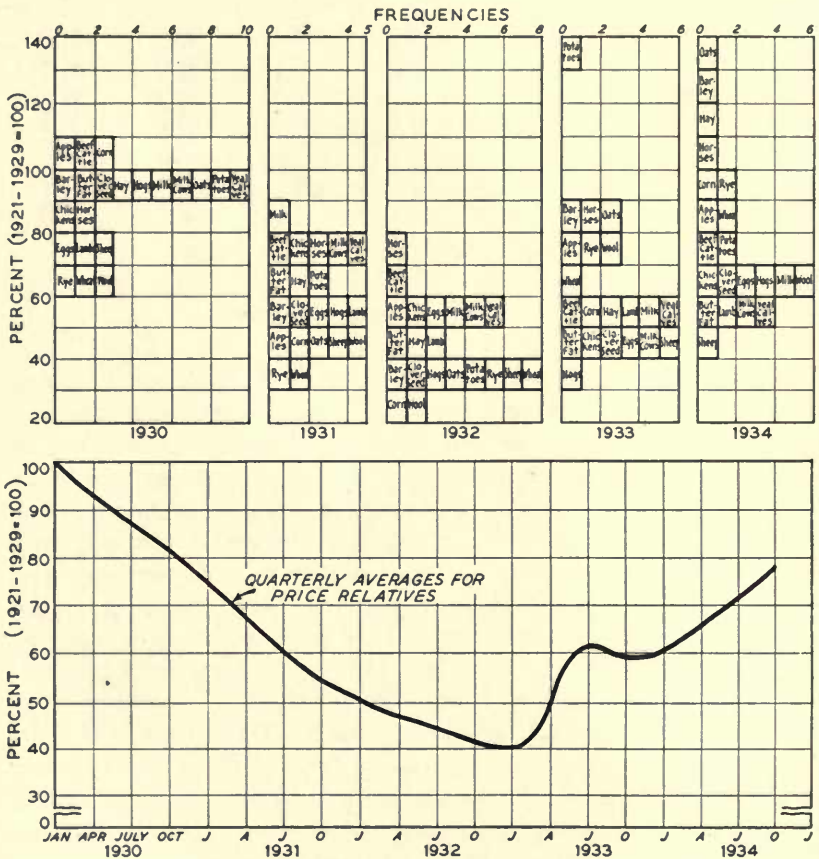


FIG. 28.—QUARTERLY AVERAGES OF RELATIVE PRICES OF TWENTY-ONE ILLINOIS FARM PRODUCTS, 1930-1934, AND FREQUENCY DISTRIBUTION SHOWING SEPTEMBER POSITIONS OF RELATIVE PRICES OF INDIVIDUAL PRODUCTS

Certain classes of items show definite tendencies to decline together when prices are falling, and to rise together when prices are recovering. During the period of decline from 1930 to 1932 grain prices declined more than livestock (except hog) prices. Milk prices held up well during the period of decline. When prices were rising in 1933 and 1934, prices of grains rose higher, relatively, and more rapidly than prices of livestock.

into two groups in September, 1930, were: (1) the dry summer, which had shortened supplies and increased prices of spring-sown crops and of forage; (2) the natural lag in prices of dairy products; (3) the cycles operating in the cattle and sheep industries; and (4) the weak statistical position of the bread grains due to declining exports and accumulation of surpluses. The effect of the dry summer would be expected to be an entirely temporary factor; and with normal crop production in ensuing years, crop prices might be expected to feel the full force of the factors making for lower prices in this period.

The relatively low-price group of products in 1930 included wheat, rye, sheep, lambs, wool, and eggs—that is, the two bread cereals, sheep and sheep products, and eggs. The character of the items in this group indicates the operation of several depressing factors rather than one. Wheat prices, which toppled to low levels early in the depression, had since 1926 followed a general downward trend in the face of decreasing exports and increasing stocks. Rye prices, sympathetic with wheat, were forced down by similar conditions. Prices of sheep and of lambs and wool were lowered from the comparatively high 1921-1929 levels largely because the sheep-production cycle had reached the point where marketings were being increased. Egg prices likewise were at a low point in their cycle. A variety of influences, therefore, operated to determine the composition of this low-price group.

The relatively high-price group of products in 1930 included ten items whose prices ranged from 90 to 100 percent of 1921-1929 averages—crops (oats, barley, and hay), livestock (hogs, milk cows, and veal calves), livestock products (milk and butterfat), and two miscellaneous products (potatoes and clover seed). Crop prices (except prices of wheat and rye) were relatively high in 1930 on account of short production during a dry summer. Corn, altho not in this group, was higher rather than in the lower group with the bread grains. The favorable position of the dairy group reflected a tendency for the prices of these products to lag behind the general movement of prices in a period of falling incomes and falling prices. Cattle prices were relatively high largely because the cattle industry was in the expanding-number phase of its cycle and marketings were reduced.

Distribution of Prices in 1931. By September, 1931, prices of all twenty-one products showed marked decline, and the tendency to divide into two groups was more pronounced than in the preceding year (Fig. 28). One group of five items centered at 75 percent of 1921-1929 averages, 20 points below the point of concentration of the high group in the previous year; and the other group, including

ten items, centered at 45 to 55 percent of the 1921-1929 averages, also 20 points below the concentration point of the second group a year earlier. Some common force was evidently operating to lower all prices in 1931, but indications of forces operating to cause different amounts of change among specific commodities are to be noted.

The relatively low-price group of ten products in 1931 included five fruit and field crops (apples, clover seed, barley, corn, and oats) and five livestock items (hogs, sheep, lambs, wool, and eggs). Wheat and rye were even lower. Abundant field crops in 1931 brought the full weight of the price-depressing influence on the crops as a class.

The high group of products in 1931 included five items—beef cattle, milk cows, veal calves, horses, and chickens.

The effects of the cattle and sheep cycles are evident in this grouping. The cattle cycle was still in the expanding-number - higher-price phase, and the sheep cycle still in the increased-marketings - lower-price phase. The tendency for fluid-milk prices to lag in periods of price change is also noticeable. Butterfat prices were below the high group but higher than the low group. Hog prices, as usual, followed the grains, but were not quite as low. Horse prices were moving upward in their cycle, the reduction in numbers having caught up with the reduced demand.

The tendency for crops to be cheaper than most of the livestock products in the low-price periods was clearly evident after the effect of the short 1930 crops in maintaining prices was eliminated. This tendency is perhaps the only general influence, among the various forces causing division of the products into groups, which can be detected by an analysis of the 1931 relative prices.

Distribution of Prices in 1932. In 1932 the two groups of products mentioned above came nearer together, with two points of concentration centering at 35 and at 55 percent of 1921-1929 averages, and including eight and six items respectively (Fig. 28). While some forces were still working toward separation of these products into two groups, they apparently were weakening before the common tendency toward lower prices as the trough of the low-price movement was approached.

Crop prices in 1932 were still in the low-price group. Abundant crops in that year reinforced the tendency toward low prices for crops which occurs in periods of falling prices. Hogs and sheep likewise were still in the low group. Wool, however, had fallen below this group, reflecting both the effect of depression on a raw material and the increased-marketing stage of the sheep-production cycle. The higher-

price group included milk (which still held up in the face of the generally low price-level), two items from the cattle group, and poultry and eggs. The latter apparently had moved into a higher cyclical price position. The sheep and cattle cycles and the tendency toward cheap grain prices continued to be important forces causing division of the products into two groups.

Distribution of Prices in 1933. In 1933 the price trend was reversed, and prices rose. There were again two points of concentration, one group of products centering at 45 to 55 and the other at 75 to 85 percent of 1921-1929 averages (Fig. 28)—from 10 to 30 points above the points of concentration of the two groups during the previous year.

The low-priced group included a considerable diversity of products: the three items in the cattle group, sheep and lambs, milk and butterfat, chickens and eggs, corn and hay. In the formation of this group the position of cattle was weakened (as compared with 1932) and that of sheep strengthened by cyclical influences. The dry season contributed to the strengthening of corn and hay prices.

The high-price group also included a diverse distribution of commodities—oats, barley, rye (wheat was in an intermediate position), apples, horses, and wool. The influence of short crops and the effects of the monetary policy on prices of staple and export products are noticeable in this grouping. The high position of potatoes (135 percent of 1921-1929) reflects the small crop of 1933.

Distribution of Prices in 1934. In 1934 the formation of two groups of products, noticed in each of the three years after 1930, failed to occur, the influences toward dispersion overcoming the tendencies toward grouping (Fig. 28). One modal group of ten lower-price products was formed, however, with prices ranging from 50 to 70 percent of 1921-1929 averages. Prices of all but three products rose (Table 3). Products in the price ranges above the modal group extended in a long tail upward to rather high values. The oats price, at the top, was 133 percent of the 1921-1929 average. The wide dispersion of prices in 1934—wider than in any other year—indicates that the economic situation was very unsettled. The various commodities reacted very differently to the extraordinary circumstances which prevailed.

In the formation of the modal group (at 60 to 70 percent of 1921-1929 averages) and the next lower group, the livestock products came together and held a better balance than had existed among this class of prices since before 1930. The two groups included hogs, milk and butterfat, lambs and wool, chickens and eggs, and veal calves and milk

cows. Beef-cattle prices were just above these two groups, and sheep prices were just below. The grouping of the livestock prices resulted from the combined effects of the upward movement on the general level of prices and the cyclical movement of different items within the group.

The prices of the relatively high-price commodities in 1934 ranged from 80 to 140 percent of 1921-1929 averages, and included the cereal crops, hay, horses, and apples. The effects of short crops and the cyclical scarcity of horses are apparent.

PRICES OF FARM PRODUCTS COMPARED WITH PRICES OF GOODS BOUGHT BY FARMERS, 1931-1933 AND 1934

The best indexes of prices of goods bought by farmers are those calculated and reported quarterly on a 1910-1914 base by the U. S. Department of Agriculture from information collected from a large number of rural merchants thruout the country. For presentation here these indexes have been recalculated on a postwar base of prices prevailing from 1921 to 1929.

During this postwar base period, prices of Illinois farm products averaged 32 percent above the average prices during the prewar period from 1910 to 1914, the cost of goods used in farm operation averaged 44 percent above, the cost of goods used in the farm home averaged 60 percent above, and the two groups of purchased goods averaged 53 percent above the prewar base.

Thus the purchasing power of farm products was lower during the postwar base period than during the prewar period. Given quantities of Illinois farm products in 1921-1929 purchased 92 percent as many goods used in farm operation as in 1910-1914, and 83 percent as many goods used in the farm home. Or, stated in another way, 16 percent more farm products were required in 1921-1929 than in 1910-1914 to purchase given quantities of goods of both classes used by farmers. Consequently, when 1921-1929 prices are used as a basis of comparison for 1931-1934 prices, the ratios between prices of farm products and of goods bought by farmers are less unfavorable to farm products than they would be if 1910-1914 prices were used as a standard of comparison. Prices during 1921-1929 are used as a base, however, because by their use a more realistic picture of current changes is secured. Price relationships in the immediate future will probably be more like those of 1921-1929 than like those of 1910-1914.

Changes in Purchasing Power of Farm Products, 1931-1933.

Indexes of the prices of various kinds of goods purchased for use on the farm and in the farm home are given in Fig. 29 for the three-year period 1931-1933. These indexes may be compared with the indexes of the prices of farm products in the same period, shown in Fig. 27, page 30. Reference to these two graphs will show that during 1931-1933 prices of Illinois farm products averaged 52 percent of the 1921-1929 base; whereas prices of items used in production averaged 78

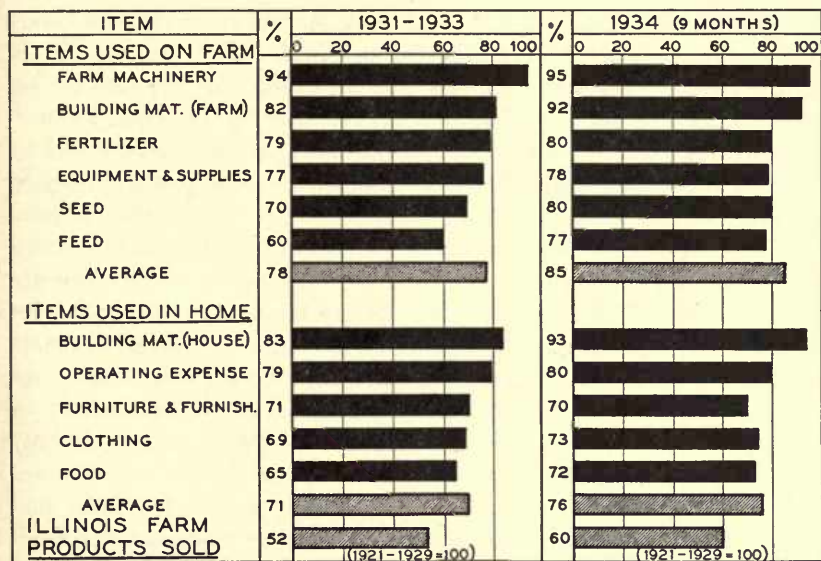


FIG. 29.—RELATIVE PRICES OF DIFFERENT GROUPS OF ITEMS USED ON FARMS AND BY FARM FAMILIES, 1931-1933 AND 1934

Altho prices of Illinois farm products were higher in the first nine months of 1934 than in 1931-1933, only a slightly better adjustment between prices of farm products and of goods purchased was attained.

percent and prices of items used in the home averaged 71 percent of the 1921-1929 base. It therefore took 50 percent more farm products to buy given quantities of goods used in production, and 37 percent more to buy given quantities of goods used in the home, than during the base period. Because of such unfavorable ratios, smaller quantities of goods were purchased by farmers, and purchases were largely confined to those classes of goods for which adjustments in price had been made.

Goods of farm origin were the cheapest of the purchased goods used by farmers in 1931-1933, and goods of industrial origin were the

most expensive. Feed averaged 60 percent of the 1921-1929 base; seed, 70 percent; food, 65 percent; clothing, 69 percent. All these items are closely related to prices of farm products. At the other extreme were farm machinery, with prices averaging 94 percent of the 1921-1929 base; building materials for the farm, averaging 82 percent; and building materials for the home, averaging 83 percent. If an analysis were made of the sales of these higher priced items, it would be found that they were quite small to farmers in these years.

The average cost in 1931-1933 of all purchased goods used on the farm was, as stated above, 78 percent, and of all purchased goods used in the farm home 71 percent of the 1921-1929 base. Of the 24 farm products considered in this study, only one (horses) had a high enough price (80 percent of 1921-1929 averages) to maintain its buying power at parity. In other words, the farm prices of all but one of the 24 farm products were relatively cheaper than the goods purchased by farmers.

The relative importance to farmers of the different items purchased by them varies according to the type of farming in which they are engaged. For example, machinery costs are relatively more important to farmers engaged in grain production than to those engaged in dairying, and feed costs are of more immediate concern to stockmen than to grain farmers. Farm machinery prices averaged 94 percent of 1921-1929 prices in 1931-1933, whereas corn prices averaged only 45 percent. Consequently, more than twice as much corn was required in the later period than in the earlier to buy the needed farm machinery. As a result the farm-machinery industry stagnated for want of sales. On the other hand, milk prices in 1931-1933 averaged 62 percent and feed prices 60 percent of 1921-1929 averages, and it was thus possible for dairymen to purchase the usual supplies of feed even tho milk prices were reduced.

Such maladjustments are apparently inevitable in a period of severe price decline and, of course, tend to sharpen the difficulties then experienced, for they lead to further reduction in sales of the higher priced goods; which in turn leads to increased unemployment, reduced demands for farm products, and lower prices. More flexible prices for certain classes of manufactured goods at such times would operate to maintain sales and check declines in prices of farm products.

Changes in Purchasing Power of Farm Products in 1934. The price of almost every group of farm and home supplies in the first nine months of 1934 was higher than the average price in 1931-1933 (Fig. 29). The prices of farm products also were higher, yet only a

slightly better adjustment between prices of farm products and goods purchased was attained. Farm products prices averaged 60 percent of 1921-1929 averages; prices of goods purchased for use on farms averaged 85 percent; and prices of goods purchased for use in farm homes averaged 76 percent. For the purchase of given quantities of goods used on farms and in farm homes, 42 and 27 percent, respectively, more farm products were required in 1934 than in 1921-1929; whereas 50 and 37 percent, respectively, more products were required in 1931-1933 than in 1921-1929.

The largest increases in prices of goods bought for use on farms in 1934 were recorded in the lower-price groups, which were of agricultural origin. The feed index was 28 percent higher in the first nine months of 1934 than in 1931-1933; the seed index, 14 percent higher; the food index, 11 percent higher; and the clothing index, 6 percent higher. Farm machinery and the home-operating-expenses group (including fuel, cleaning materials, and automobile fuel and supplies) were only 1 percent higher. Prices of furniture and furnishings, the one group which was lower than in 1931-1933, reflects the behavior of a class of goods made largely for the domestic trade, in the early stages of a period when incomes are still low and prices of indispensable items (such as food) are rising.

Price increases in one group—building materials—were apparently too rapid and too large to be supported by prevailing conditions. Prices for building materials for farm houses were 12 percent higher in the first nine months of 1934 than in 1931-1933. Compared with 1932, the low point, the rise was 16 percent. When farmers had little or no surplus income available for buildings, a price-level of 93 percent of 1921-1929 averages for building materials, with farm products averaging only 60 percent of 1921-1929 prices, did not tend to expand building activity. That a mistake was recognized by the building industry is indicated by the decline which took place in the building-material index during 1934. For the first six months prices of building material averaged 94 percent of the 1921-1929 base, and for the second six months, about 91 percent.

By December, 1934, prices of Illinois farm products, chiefly because of low production, had risen to 80 percent of 1921-1929 averages; prices of items used in production, to 91 percent; while prices of items used in the home remained at 76 percent. Prices of both groups of cost items combined stood at 82 percent. This represents a substantial improvement in the relative position of farm-product prices compared with prices of products used on the farm. Only 12 per-

cent more farm products than in 1921-1929 were required to purchase the same quantities of goods used in production; and the same quantities of goods used in the home could actually be purchased with 6 percent less farm products than in 1921-1929. Only 2 percent more farm products were required to purchase given quantities of the goods of both classes used by farmers.

CHANGES IN PRODUCTION ON ILLINOIS FARMS

Changes in the volume in which various crops and kinds of livestock are produced are both a cause for and a result of price changes. During the period 1931-1934 several important changes from the 1920-1928 period occurred in the production of crops and livestock on Illinois farms.

CHANGES IN CROP PRODUCTION, 1920 TO 1934

Changes in the total acreage and total production of crops on Illinois farms over the fifteen-year period from 1920 to 1934 are presented from two standpoints: first, as differences in average annual acreage and average annual production between the earlier and later periods in the fifteen years (Table 4); and, second, as differences in the actual annual production of the various crops (Fig. 30). The first method of presentation shows the general trend; the second shows, in addition to the general trend, variations from year to year. In general, total acreages of Illinois crops were reduced, during the later period, indicating a tendency to pasture more land or to allow it to lie idle.

TABLE 4.—AVERAGE ANNUAL ACREAGE AND PRODUCTION OF NINE CROPS IN ILLINOIS, 1920-1928 AND 1930-1932^a

	Acres of crop			Total production		
	Average per year 1920-1928	Average per year 1930-1932	Ratio of second period to first	Average bushels per year 1920-1928	Average bushels per year 1930-1932	Ratio of second period to first
	<i>thousands</i>	<i>thousands</i>	<i>perct.</i>	<i>millions</i>	<i>millions</i>	<i>perct.</i>
Corn.....	9 053	9 243	102	324.1	328.3	101
Oats.....	4 355	4 353	100	141.3	153.2	108
Hay (tame).....	3 283	2 376	72	(4.1 ^b)	(2.8 ^b)	68
Wheat.....	2 620	1 863	71	42.8	35.7	83
Barley.....	305	319	105	9.2	9.3	101
Alfalfa.....	180	241	134
Rye.....	140	56	40	2.2	.8	36
Soybeans.....	97	334	344	1.3	6.1	469
Cowpeas.....	52	51	98	.4	.5	125
Broomcorn.....	29	29	100	(7.1 ^c)	(8.1 ^c)	114

^aBasic data obtained from Illinois—U. S. Crop Reporting Service. ^bMillions of tons. ^cThousands of tons.

Corn. Corn acreage was fairly stable from 1920 to 1934, differences in acre-yields being largely responsible for the variations in production from year to year (Fig. 30). Three of the five crops from 1930 to 1934 were short (1930, 1933, and 1934), and two were bumper

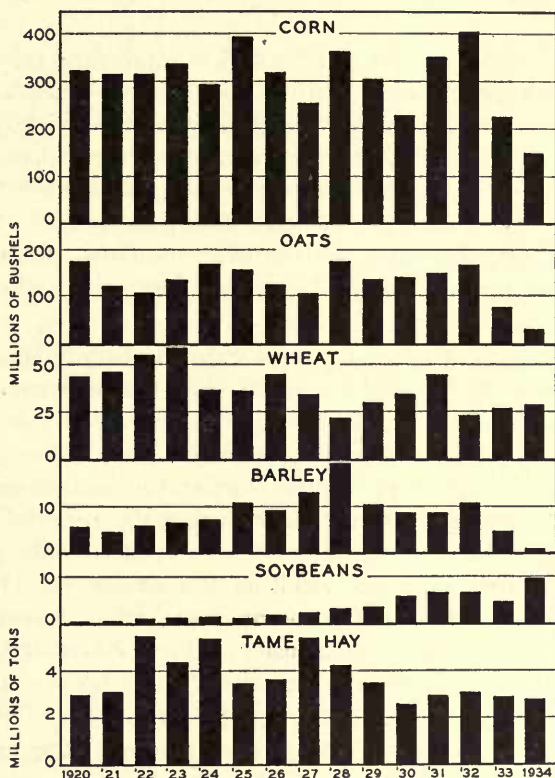


FIG. 30.—PRODUCTION OF LEADING CROPS IN ILLINOIS YEARLY FROM 1920 TO 1934

The particularly noticeable features of this graph are the increase in the production of soybeans, the decreases in the production of hay and barley, the variation in production from year to year, and the sharp decrease in production of most of the crops in 1933 and 1934. The large decrease in these latter years was the result of (1) reduction in acreage because of AAA programs and drouth, and (2) lower acre-yields because of drouth and chinch bugs.

crops (1931 and 1932). The large 1931 and 1932 crops, occurring during the period of rapidly declining prices, reinforced the tendency toward lower corn prices. The short crops of 1933 and 1934 have been one of the causes of the higher prices which have prevailed since the summer of 1933. The effects of these crops upon corn-price trends,

however, should not be overestimated, for corn prices began to rise before the short crop of 1933 was in evidence; and, in 1930, corn prices declined in spite of the short crop of that year. As an average of the two periods, 1920-1928 and 1930-1932, slight increases of 2 percent in annual corn acreage and 1 percent in annual corn production occurred (Table 4).

Oats. Production of oats in Illinois has gone thru three cycles since 1920, with peak production in 1920, 1924, 1928, and 1932 (Fig. 30). These cycles represent chiefly variations in yield per acre. The oat crops of 1930 to 1932 were average or better than average, whereas those of 1933 and 1934 were the shortest of the fifteen-year period. The average annual oats acreage during the periods 1920-1928 and 1930-1932 were the same, but the average annual production of oats in the later period increased 8 percent over the earlier period (Table 4).

Wheat. Production of wheat since 1920 has been rather irregular, with the general trend about stable since the wartime scale of production was reduced in 1923 (Fig. 30). The crop was large in 1931 as a result of high acre-yields. Acreages were reduced in 1932 and 1933, and production was smaller. The average annual acreage of wheat harvested was 29 percent lower during the period 1930-1932 than during 1920-1928, tho production was reduced only about 17 percent, because of the high acre-yields in 1931 (Table 4). The earlier period included several of the post-war years, when wheat acreage was still influenced by wartime expansion. Illinois has a large acreage which can be planted to wheat when wheat prices become attractive.

Barley. Barley crops increased rapidly from 1921 to 1928, and then became stable, at a lower level than that of 1928, until 1932 (Fig. 30). In 1933 and 1934 the barley crops were very short because of drouth and chinch bug damage. The average annual acreage of barley during 1930-1932 was about 5 percent larger than during 1920-1928, but production was only 1 percent larger (Table 4).

Rye. Average annual acreages and production of rye were about 60 percent lower during 1930-1932 than during 1920-1928 (Table 4), as a result of liquidation of wartime increases. A similar trend in spring-wheat production indicates a general reduction in commercial grain farming in the livestock areas in the northern part of the state.

Soybeans. Soybean production expanded steadily from 1920 to 1931, decreased somewhat in 1932 and 1933, and then increased again, reaching a new high of nearly 10 million bushels in 1934 (Fig. 30). Relatively low prices were probably a cause of the decreases in 1932

and 1933. The expansion in 1934 was the result partly of the AAA program and partly of increased planting of soybeans (one of the crops immune to chinch bug attack) because of the severity of chinch bug damage to cereal crops. Average annual acreage and production of soybeans, excluding soybeans for hay, were almost four and five times, respectively, as large during 1930-1932 as during 1920-1928 (Table 4). In 1930-1932 soybeans harvested as seed ranked fifth among the grains in total acres utilized.

Cowpeas and Broomcorn. Average annual acreages both of cowpeas and broomcorn were approximately the same during 1920-1928 and 1930-1932, but production of both averaged higher because of larger acre-yields (Table 4).

Hay. The trend of hay production was steadily downward from 1927 to 1930 (Fig. 30), but was fairly stable from 1931 thru 1934. In 1933 and 1934 the dry seasons reduced acre-yields. Average annual production and acreage of hay were about 30 percent less during 1930-1932 than during 1920-1928 (Table 4)—a change brought about by reduced acreages of clover, timothy, and such hays as red top, for the acreage of alfalfa increased 34 percent, and the acreage of annual legume hay (soybeans and cowpeas) increased 73 percent between the two periods. Lower hay-acreage totals reflect reduced numbers of hay-consuming animals on farms within the state, as well as a continual adjustment to the loss of commercial markets for hay as a result of declines in numbers of work animals in cities and on farms thruout the country.

CHANGES IN LIVESTOCK NUMBERS, 1921-1929 AND 1931-1933

In general, there were fewer animals on Illinois farms in 1931-1933 than in 1921-1928. Numbers of cattle, especially of dairy cows and heifers, increased somewhat, but such gains were more than offset by declines in the number of work animals (Table 5 and Fig. 31). The decrease in number of hay-eating animals, calculated on the basis of "animal units" (one "animal unit" may be considered as the equivalent of the hay-eating capacity of 1 horse or mule, 1 head of cattle, or 7 head of sheep), amounted to 6 percent in the later period,—a decrease which was in part the cause of the downward trend in hay prices described above.

All of the changes in livestock numbers in Illinois closely parallel changes occurring thruout the nation. Apparently the forces affecting livestock farming in Illinois have been about the same as those affecting livestock farming over the country as a whole.

Horses and Mules. Numbers of work animals have declined steadily since 1920 (Fig. 31), continuing a decline which began in 1913 and was caused by adjustment to the adoption of mechanical power on many farms. There were approximately 75 percent as many horses and mules on Illinois farms in 1931-1933 as in 1921-1929 (Table 5). But the trend in the last few years indicates that the turning point in numbers of horses and mules is not far away. The decrease between January 1, 1933, and January 1, 1934, is estimated to have been only 17,000 head, whereas the average annual decrease for

TABLE 5.—AVERAGE NUMBER OF DOMESTIC ANIMALS ON ILLINOIS FARMS, 1921-1929 AND 1931-1933^a

Species	Number 1921-1929 (Jan. 1)	Number 1931-1933 (Jan. 1)	Ratio of second period to first
	<i>thousands</i>	<i>thousands</i>	<i>perct.</i>
Horses.....	1 037	773	75
Mules.....	162	129	80
Total, horses and mules.....	1 199	902	75
All cattle and calves.....	2 308	2 384	103
Dairy cows and heifers.....	1 017	1 089	107
Sheep and lambs.....	623	737	118
Swine.....	4 960	4 952	100
Units, hay-eating animals ^b	3 596	3 391	94

^aBasic data obtained from Illinois—U. S. Crop Reporting Service. ^bIt is considered that 1 horse, 1 mule, 1 head of cattle, and 7 sheep comprise equivalent units among hay-eating animals.

the previous five years was 32,000 head. In view of an increased interest in colt production, it is likely that within two or three years there will be an increase in total numbers of work animals. Now that the adjustment to mechanical power on Illinois farms is apparently about completed, we may expect the numbers of work animals to increase and decrease in long cycles. After the turning point is reached, larger numbers of work animals will bring about an increased demand for feed crops, both hay and grain, and will draw some of the available feed supplies away from meat and milk production.

Cattle (All Classes). Cattle numbers went thru a long cycle during the period from 1920 to 1934, decreasing from 1920 to 1928 by nearly one-fourth, and increasing from 1928 to 1933 by approximately the same amount (Fig. 31). The average number of cattle and calves on Illinois farms during 1931-1933 was 3 percent larger than during 1921-1929 (Table 5). Since the number of cattle in the United States reached a peak in 1934, at least for the current cycle, and, consequently, fewer cattle will be available for feeding during the immediate future, it is probable that cattle numbers in Illinois also have reached a temporary high point. Should AAA programs result in re-

duced grain and larger hay acreages, however, there will likely be further increases in breeding-cattle numbers. Probably after a temporary period of stability, coinciding with a period of decline in cattle numbers in the United States as a whole, cattle numbers will increase again in Illinois. These long cycles in numbers may be expected to continue in the future.

Milk Cows and Heifers. Milk cow and heifer numbers remained rather stable during the period of declining cattle numbers from 1920 to 1928, but increased somewhat during the period from 1929 to 1934

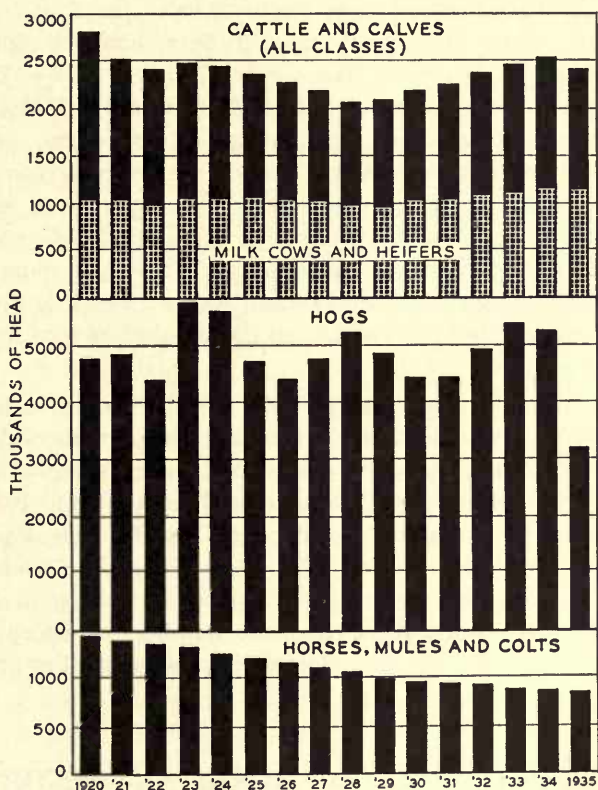


FIG. 31.—CHANGES IN NUMBERS OF DIFFERENT KINDS OF ANIMALS IN ILLINOIS, 1920 TO 1935

Work animals declined in numbers steadily from 1920 onwards, but the trend in the last few years indicates that the turning point is not far away. Numbers of hogs and of cattle of all classes passed thru the cycles characteristic of those industries. Numbers of milk cows and heifers remained fairly stable up to 1930, but increased somewhat from 1930 to 1934. All these changes in livestock numbers in Illinois closely parallel changes occurring thruout the nation.

(Fig. 31). There were 7 percent more milk cows and heifers on Illinois farms in 1931-1933 than in 1921-1928 (Table 5)—an increase which largely accounts for the increase of 3 percent in numbers of all classes of cattle. After a temporary period of decline caused by higher grain prices, the number of milk cows is likely to be stabilized or to increase moderately, especially if AAA programs lead to reduced grain acreages.

Hogs. Hog numbers have gone thru the cycles characteristic of that industry. Low points came in 1922, 1926, 1930-1931, and will come again in all probability in 1935-1936 (Fig. 31). In spite of these recurrent cycles, caused basically by fluctuations in the corn crop, the number of hogs in the state is indicated to be rather well stabilized. Average numbers of hogs on Illinois farms during 1931-1933 were approximately the same as during 1921-1929 (Table 5). Unless there is a permanent reduction in the corn acreage as a consequence of AAA programs, the number of hogs at the end of a given year can be expected to be slightly under 5 million head. The number of hogs on hand at the beginning of each year during this period does not seem to have been affected much by the downward trend in numbers of horses, nor by the long cyclical decline and increase in cattle numbers, which might be presumed to have altered the supplies of feed available for hog production.

Sheep. Changes in numbers of sheep are not shown in Fig. 31, because of their minor importance in Illinois. Sheep numbers declined during the years from 1920 to 1923, increased rather sharply between 1923 and 1927, fell off again in 1928, increased from 1928 to 1932, and have since declined. The average number in Illinois during 1931-1933 was 18 percent larger than during 1921-1929 (Table 5). Aside from the decline in 1928, the movements in numbers of sheep in Illinois during these years parallel the changes in numbers of sheep in the country as a whole and probably reflect variations in supplies of lambs available for feeding.

CHANGES IN EXPORTS OF IMPORTANT ILLINOIS FARM PRODUCTS IN RECENT YEARS

In the analysis of prices of Illinois farm products in foregoing portions of this bulletin, consideration of market demand has been limited primarily to the domestic market. It is well, however, to consider also the effects of foreign trade on prices of farm products.

The United States, because of the extensiveness of the country, the

variety of resources and climate, and the vigorous development of agricultural and industrial resources, is an important producer both of agricultural and of industrial products—a fact which creates a peculiar situation so far as trade with foreign countries is concerned. Surpluses of products, both agricultural and industrial, are accumulated for export; or capacity exists to produce such surpluses.

But if a nation sells, it must also buy. In the long run, foreign nations can pay for American goods only with goods or services. Since the United States became a creditor nation as the result of huge sales at high prices to foreign nations during the war, the problem of disposing of American surpluses has become more difficult. The United States now needs to import goods in order to collect interest on debts owed to her. Temporarily the difficulty may be avoided by making large loans to foreign countries, as was done during the period from 1924 to 1928, but permanent adjustment cannot be attained in that manner.

Because of the above conditions it is difficult for the United States to export anything except that which is so efficiently produced that its purchase is very attractive to foreigners. Such items are cotton, the production of which under relatively favorable conditions is so well organized in the United States, and automobiles, in the mass manufacture of which America has led the world. Products which can be domestically produced by other nations, or for which substitutes can be found without too much sacrifice are not imported to any large extent by those nations. As a matter of policy rather than from economic necessity, the United States follows the same procedure: by levying duties on most products which may be imported, this country effectively reduces imports of all goods which can be produced domestically without too great sacrifice. American imports of agricultural products are confined chiefly to such raw materials as rubber, sugar, coffee, silk, wool, and hides.

As a combined result of the conditions just discussed and the steady increase in domestic population and little or no expansion of agricultural production in the last decade, exports of corn-belt products have been materially reduced in volume. The export market consequently has become progressively less important as a physical outlet for American agricultural surpluses, altho world prices are important, because they set minimum and maximum levels for domestic prices. For example, a ceiling for wheat prices in the United States was fixed by the low world wheat price-level plus the import duty in 1933 and 1934 (pages 32-33). It is likely that in the future the attention given

to foreign markets by corn-belt farmers will be centered in the prevailing level of foreign prices rather than in the availability of foreign markets as actual outlets for corn-belt products, except lard.

EXPORTS OF LARD AND PORK

Average annual exports of lard in 1931-1934 declined below the average for the postwar years 1921-1924; and exports of bacon, hams, and shoulders fell below the average not only of 1921-1924, but of 1910-1914 as well (Fig. 32).

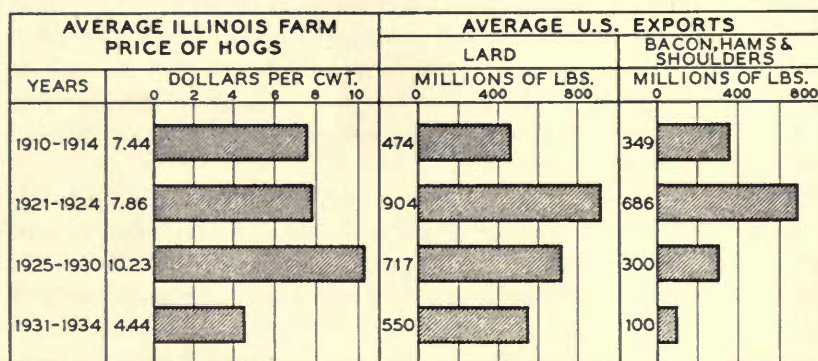


FIG. 32.—ILLINOIS FARM PRICE OF HOGS AND UNITED STATES EXPORTS OF SWINE PRODUCTS BY PERIODS, 1910 TO 1934

Low prices for hogs in 1931-1934 were evidently a result of causes other than diminishing exports, for exports of swine products *decreased* not only in 1931-1934 under the preceding period but in 1925-1930 as well, whereas hog prices *increased* in 1925-1930. According to the trend herein indicated, exports of hog products other than lard will probably become an insignificant item in American export trade.

But the low hog prices of 1931-1934 cannot logically be explained as a result of diminished exports, for exports of lard and pork products also declined in 1925-1930 as compared with the preceding four years, while farm prices of hogs in Illinois were one-third higher in 1925-1930 than in the previous period. With an inverse relationship between exports and prices in one period, and a positive relationship in another, it is obviously absurd to conclude that declining exports caused the low prices of hogs in 1931-1934. It would be as logical to say that the higher hog prices prevailing in 1925-1930 were caused by reduced exports, as to say that the lower hog prices of 1931-1934 were so caused.

Average annual exports both of lard and of the pork products

during the period from 1921 to 1924 were approximately twice the average volume of exports of those products in 1910-1914. This increase in exports of lard and pork reflects (1) the expansion in hog production in the United States following the series of large corn crops from 1919 to 1923, and (2) the scarcity of meats and fats in European countries during the period just after the war, when European agriculture was still disordered. After the short corn crop of 1924, hog production was reduced and exports of lard and pork products fell off. European agriculture was being restored, but an important factor in this decline in exports was a rather stable production of hogs, combined with an increasing population in the United States. During the five-year period of high hog prices, 1925-1930, average exports of lard were approximately 80 percent larger than in 1910-1914, while exports of bacon, hams, and shoulders were about 15 percent below prewar averages. The percentage decreases in exports in 1925-1930 from the previous four-year period, were just about equal to the percentage increase in population in the United States. Per-capita consumption of lard and pork was practically the same in the two periods.

In the third postwar period, 1931-1934, exports of lard and pork products fell off again, exports of lard still remaining about one-sixth larger than before the war but exports of the meat products amounting to less than one third of the prewar average. This shrinkage undoubtedly reflects expansion of foreign sources of supply; but it merely continues a trend which has been going on for a long time, and which was interrupted by the war.

In view of these trends, exports of pork products other than lard will probably become an insignificant item in American export trade, while exports of lard, altho in diminishing volume, will continue to be important. Lard is a by-product of the meat industry, and like other by-products will continue to be produced and sold for what it will bring. Hog prices will probably more and more reflect the ability of the home market to buy pork. The level at which hog prices will prevail will depend upon the level at which the home market will absorb existing supplies.

EXPORTS OF WHEAT AND FLOUR

Recent trends in exports of various grains were mentioned above in the section on "Comparison of Prices of Individual Farm Products" (pages 32-33), where it was pointed out that average annual exports of barley declined from 30 million bushels in 1920-1929 to 7 million

bushels in 1930-1932, exports of corn from 52 million bushels to 5 million bushels, exports of oats from 17 million bushels to 4 million bushels, exports of rye from 30 million bushels to .5 million bushels, and exports of wheat from 200 million bushels to 89 million bushels.

From the standpoint of exportation wheat is the most important of the grains, and for that reason is given more detailed consideration here. It is the most commonly grown of the grains; the actual volume of exports is larger and more consistent than the other grains; and the ratio of exports to total production is higher.

Exports of wheat, including the flour equivalent, were expanded during the war, but have declined at a rapid rate since 1924 (Table 6).

TABLE 6.—UNITED STATES EXPORTS OF WHEAT, 1920-1928 AND 1930-1932*

Year	Exports, thousands of bushels	Year	Exports, thousands of bushels
1920.....	312 625	1930.....	112 435
1921.....	265 590	1931.....	123 774
1922.....	205 079	1932.....	32 284
1923.....	131 892		
1924.....	254 695		
1925.....	92 669		
1926.....	205 994		
1927.....	190 578		
1928.....	142 301		
Total 1920-1928.....	1 801 423	Total 1930-1932.....	268 493
Annual average.....	200 158	Annual average.....	89 498

*Basic data obtained from U. S. Department of Agriculture.

In 1921-1924 they averaged nearly two and a half times as large as in 1910-1914 (Fig. 33)—an increase reflecting wartime disturbances to European wheat production. United States wheat production had been expanded to meet this demand. In 1924, however, acreages planted to wheat in Illinois were sharply reduced. Exports as well as production fell off during the 1924-1930 period, and in general the trend was downward. The average volume of wheat exported was more than 50 percent larger, however, than during the pre-war period. In 1931-1934 the decline in wheat exports continued. The average for those years was 70 percent of the prewar average; but in three of the four years (1932, 1933, and 1934), exports were below the average of 70 percent.

The decline in wheat exports from 1924 to 1934 may be explained by (1) increased production of wheat in foreign countries; (2) restrictions on imports by a number of foreign countries; and (3) a level of wheat prices in the United States above that in the free world

markets. The accumulation of wheat as a result of diminished exports was an important cause of the low wheat price in relation to other commodities in 1931-1933.

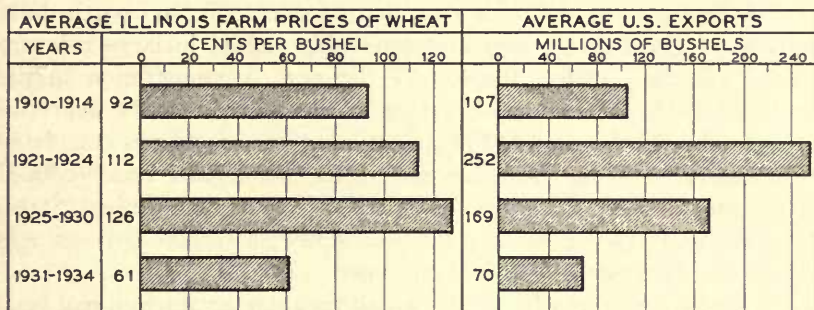


FIG. 33.—AVERAGE ILLINOIS FARM PRICE OF WHEAT AND AVERAGE UNITED STATES EXPORTS OF WHEAT AND FLOUR BY PERIODS, 1910 TO 1934

The large expansion of wheat exports in 1921-1924 over 1910-1914 reflected wartime disturbance to production of wheat in Europe. The steady decline since that period is a result of (1) increased production of wheat in foreign countries, (2) restrictions on imports by some foreign countries, and (3) a level of wheat prices in the United States above that in free world markets, even the low in relation to other products and other periods. The low price of wheat in the United States in 1931-1934 was in part caused by the accumulation of wheat resulting from diminished exports.

The accumulated supply of wheat in the United States began to disappear only when the great drouth of 1933 and 1934 shortened wheat crops to quantities below domestic requirements for food and seed. In normal growing seasons United States wheat crops are above these requirements. If production of wheat is continued at the normal level, either exports must expand or heavy feeding of wheat must be continued. Under such conditions wheat prices may be expected to be low in relation to prices of other farm products.

REASONS FOR THE GENERAL PRICE RISE, 1933-1934

The marked advance in prices during 1933 and 1934 was divided, so far as the prices of Illinois farm products are concerned, into two parts, the first occurring in the second and third quarters of 1933, and the second largely in the third and fourth quarters of 1934 (Fig. 1, page 4). Definite price advances such as this result only from special causes. The special causes in 1933-1934 were (1) the

monetary policy pursued by the United States Government, and (2) the severe drouth of 1934.

EFFECTS OF MONETARY POLICY ON PRICES

The first part of the price rise, that of mid-1933, and particularly the rise of grain prices, was unquestionably caused in large measure by the monetary policy adopted by the new Administration in the spring of 1933. The essential feature of this policy was the depreciation of the dollar in relation to gold. When this process was completed in January, 1934, the gold content of the dollar had been reduced 41 percent. Before the depreciation of the dollar, the United States Treasury purchased gold at \$20.67 an ounce; after the process was completed, the price was \$35.00 an ounce.

In the first quarter of 1934, by which time the devaluation had been completed, the price of Illinois farm products averaged 47 percent higher, and the price of gold 68 percent higher than a year earlier (Table 7). Thus the full amount of the depreciation was not reflected in the index measuring the prices of Illinois farm products as a group. The products whose prices were most directly affected were grains and wool. Prices of livestock and livestock products other than wool did not rise as much. Corn prices were 178 percent higher than a year earlier, wheat 100 percent higher, wool 160 percent higher, butterfat 25 percent higher. The price of beef cattle, on the other hand, was only 9 percent higher, prices both of hogs and milk were 20 percent higher, and the price of lambs was 52 percent higher.

Devaluation immediately relieved the position of Illinois grain farmers. Prices of grain rose by somewhat greater amounts, however, than can be accounted for by the direct effects of devaluation. The reasons for the additional rise were: (1) grain prices, in common with other staples, before the rise had fallen to unduly low levels because of the momentum attained by the general liquidation and conversion of assets into currency and gold; and (2) after the rise began, speculative influences, as usually happens when a rise of this nature occurs, carried prices up too far and made necessary a period of readjustment. The initial period of speculation in the grain markets culminated in July, 1933, and was followed by recessions. Contrary to the usual seasonal trend, wheat was cheaper in the last quarter of 1933 than in the third quarter. Another reason for the *appearance* of larger rises in prices, when measured by percentages of a given base price, than can readily be accounted for by devaluation of the dollar, arises from the fact that effects of devaluation tend to be measured

TABLE 7.—CHANGES IN THE PRICE OF GOLD IN THE UNITED STATES AND OF SOME IMPORTANT ILLINOIS FARM PRODUCTS, 1933-1934
(Prices in January-March, 1933 = 100)

Period	Price	Index	Price	Index	Price	Index	Price	Index	Price	Index
	GOLD ^a (ounce)		ILLINOIS ^b FARM PRODUCTS		CORN (bushel)		WHEAT (bushel)		HOGS (100 pounds)	
<i>1933</i>										
Jan.-Mar.....	\$20.67	100.0	(36.9)	100.0	\$.15	100.0	\$.39	100.0	\$3.07	100.0
Apr.-June.....	23.68	114.6	(46.8)	126.8	.32	213.3	.60	153.8	3.93	128.0
July-Sept.....	29.82	144.2	(54.4)	147.4	.46	304.7	.82	210.3	3.98	129.6
Oct.-Dec.....	33.05	159.9	(51.8)	140.4	.36	238.0	.74	189.7	3.73	121.5
<i>1934</i>										
Jan.-Mar.....	34.77	168.2	(54.4)	147.4	.42	278.0	.78	200.0	3.67	119.5
Apr.-June.....	35.00	169.3	(57.0)	154.4	.45	302.0	.79	202.6	3.48	113.4
July-Sept.....	35.00	169.3	(69.6)	188.6	.65	435.4	.90	230.8	5.13	167.1
Oct.-Dec.....	35.00	169.3	(76.2)	206.5	.78	520.0	.92	235.8	5.23	170.3
<i>1933</i>										
Jan.-Mar.....	\$.16	100.0	\$1.12	100.0	\$4.05	100.0	\$4.67	100.0	\$.10	100
Apr.-June.....	.18	112.5	1.17	104.5	4.48	110.6	5.42	116.1	.20	200
July-Sept.....	.19	118.8	1.35	120.5	4.60	113.6	6.03	129.1	.24	240
Oct.-Dec.....	.18	112.5	1.42	126.8	4.25	104.9	5.43	116.3	.25	253
<i>1934</i>										
Jan.-Mar.....	.20	125.0	1.35	120.5	4.40	108.6	7.10	152.0	.26	260
Apr.-June.....	.21	131.0	1.35	120.5	5.13	126.7	7.53	161.2	.25	247
July-Sept.....	.23	143.8	1.58	141.1	5.53	136.5	6.23	133.4	.22	222
Oct.-Dec.....	.25	156.2	1.60	142.9	5.33	131.6	5.77	123.5	.20	200

^aPrices of gold from January, 1933, to August, 1933, were obtained from "Survey of Current Business." Prices from September, 1933, to September, 1934, were obtained from "The Annalist."

^bBased on 1921-1929 prices.

at market centers,* whereas Illinois farm prices are interior prices. Suppose a commodity at market centers was worth 30 cents before and 50 cents after devaluation. The increase would have been $66\frac{2}{3}$ percent. At a country point from which it would cost 10 cents to move the commodity to market, the corresponding prices would have been 20 cents and 40 cents, and the rise would have been 100 percent instead of $66\frac{2}{3}$ percent.

The sharp increases in prices of grain and wool upon the devaluation of the dollar were to be expected. Grain and wool markets are international, and because gold is used in the settlement of balances between countries, the gold content of the dollar directly affects the prices of such products. When the number of dollars which can be purchased with a given amount of gold increases, prices of those commodities which are traded on international commodity exchanges immediately rise by a roughly equivalent amount.

Prices of such products, on the other hand, as have wholly or

almost wholly a domestic market (as is true, by and large, of meat and milk) are not so directly affected by changes in the price of gold. Foreigners cannot invest readily, if at all, in such commodities. Moreover, as such products must be bought largely in the home market by consumers whose incomes change only gradually as a result of dollar devaluation, efforts to raise prices meet the stubborn resistance of consumer demand. Consequently, prices of such products are affected, in the short run, very little by the cheaper dollars.

The immediate effect of dollar devaluation may in fact be to depress instead of to raise the prices of certain classes of commodities, the market for which is wholly domestic. Higher grain prices make livestock production less profitable and lead to liquidation, which further depresses market prices while it is going on. After the process is completed, the smaller numbers of livestock bring higher prices.

Because of these conditions there is no reason to suppose that prices of purely domestic products such as milk or beef will rise in proportion to the degree of currency devaluation unless the higher prices for staple commodities stimulate business activity to such a degree that domestic incomes rise in proportion to the degree of devaluation. Should this stimulation of trade and increase in purchasing power of domestic incomes occur, a tendency toward higher prices for the domestically consumed farm products will follow. In a country as large as the United States and with as complicated a price structure, such effects must necessarily be slow. The success of the policy of dollar devaluation depends, however, on whether it restores a well-balanced and substantially higher price-level than that of early 1933. Such a balance would require higher prices for such essentially domestic commodities as hogs and milk than had been achieved at the time the revaluation was completed early in 1934.

Fairly short grain crops in the United States in 1933 tended to sustain prices. Drouth conditions, which began to be serious early in the crop season of 1934 and became worse as the season advanced, created the basis for the second rise in farm prices—that in the third quarter of 1934. Which commodities were most affected by this rise?

Between the second and third quarters of 1934 the average price of corn rose nearly one-third, and the price of hogs nearly one-half (Table 7). Wheat prices, on the other hand, increased less than one-sixth, and milk and butterfat prices a little less than one-fifth.

It is clear, however, that the reduced supply of feedstuffs, particularly corn, will, as a result of the drouth, be followed by reduced supplies of and higher prices for livestock, particularly hogs.

That the reduction programs of the Agricultural Adjustment Administration played a minor part in the price rise of 1934 is evident, because: (1) the total reduction in corn acreage in 1934 was only about 10 percent below the 1933 figures, whereas the crop was finally estimated to be 41 percent smaller; (2) the "contracted acres" were released for other uses as the drouth developed and produced considerable feed; and (3) even tho hogs were materially reduced in number by the program, the actual reductions outran the reductions required. Some other force (namely, feed shortage) than the AAA program was operating to reduce hog numbers. Had hogs been more numerous, they could not have been fattened, because there was not enough feed available.

A price rise caused by a drouth obviously is not as permanent as a rise caused by revaluation of the dollar. The drouth of 1934 will extend its influence for some time, however, for reductions in livestock numbers caused by short feed supplies cannot be replaced overnight. This situation will tend to hold up the average level of farm prices. It cannot be emphasized too strongly that high prices resulting from the drouth are temporary. Livestock numbers will come back with great rapidity once feed is available, particularly if livestock prices are favorable in relation to feed prices, as is certain to be the case under the circumstances.

The only part of the price rise which can be looked upon as permanent is the rise from about 50 percent of 1910-1914 averages in the first quarter of 1933, to a level slightly less than 75 percent of 1910-1914 averages which obtained from the third quarter of 1933 to the second quarter of 1934. Further permanent recovery above that level depends on expansion of consumer incomes in this country thru general economic recovery or a rise in the world level of prices, or both.

OUTLOOK FOR PRICES OF FARM PRODUCTS DURING NEXT FEW YEARS

PROBABLE PRICE-LEVEL FOR FARM PRODUCTS

In view of the effects on prices of the drouth of 1934, of the monetary policy which depreciated the dollar 41 percent by early 1934, of the relative positions and the trends in prices of the various farm products during the period from 1931 to 1934—what reasonable predictions or forecasts can be made regarding prices of Illinois farm products during the next few years? In general, during 1934, grains have been high and livestock low. Will the higher prices for crops

pull up the prices of livestock, or will the livestock prices pull the crops back down?

In the short run, that is, during 1935, the scarcity of crops will reduce livestock supplies and cause higher prices both for livestock and livestock products. With reduced numbers of livestock and more abundant crops, the relatively higher level of crop prices will tend to disappear. In the long run, unless the initial influence (monetary devaluation) which made for higher crop prices spreads its influence so as to increase domestic buying power generally, crop prices must fall back into line with the livestock prices. The final solution of this problem depends on the level to which the whole price structure will tend to adjust itself following the changes in the monetary structure.

PROBABLE CHANGES IN RELATIVE POSITIONS OF PRICES OF INDIVIDUAL PRODUCTS

Regardless of the average level attained by prices of farm products, the question as to the relative position of the different items during the next few years is worth considering.

The relative position of prices of different products may shift in response to such temporary and more or less unpredictable occurrences as changes in production or demand. Because of the extremely low level to which production fell in 1934, it may be assumed that crops, if production is normal, will be cheaper in relation to livestock in the latter part of 1935. But this is a short-run influence. In the long run the relative positions of prices shift because of: (1) cyclical changes which are only semipermanent; (2) permanent changes in demand; (3) permanent changes in relative costs, which lead to permanent changes in the relative volumes in which various products are produced.

When all these factors are taken into consideration, the following tentative conclusions as to future changes in price positions held by the more important Illinois farm products in 1931-1934 may be drawn:

Barley—higher, because of improved demand.

Oats—higher; probable improved demand as a result of probable increases in numbers of horses.

Corn—lower, until consumer demand for hogs is restored.

Wheat and rye—lower, because of declines in exports, low world price-levels, and the necessity of using domestic surpluses as feed.

Soybeans—lower than in 1921-1929, on account of the high base in 1921-1929 but relatively better than in 1931-1933.

Butterfat—lower until consumer demand gets back to normal, then about the same.

Poultry and eggs—lower until consumer demand gets back to normal, then about the same.

Horses and mules—will remain high in relation to prices of other livestock, because of their relative scarcity. Within a few years, however, the increased breeding stimulated by these attractive prices will oversupply the reduced demand for horses and mules.

Cattle—will tend to be restored to a relatively high price. The drouth of 1934 made necessary a huge reduction in cattle numbers, which shortened the liquidation stage of the cattle cycle. During 1934 the estimated number of cattle in the country was reduced 7,623,000 head, to a total of 60,667,000, which brought the number back to the 1931 figure. This reduction will tend to restore cattle to a relatively high price. Because of slower liquidation, prices of dairy cows will be relatively cheaper, but the high level of cattle prices in general will pull them up.

Hogs—cannot be predicted. Cycles in hog production and prices are so short that no predictions can be made for long periods. In the short run, 1935 and 1936 hogs will be relatively high because of extreme scarcity. After that they will drop to a lower position. Over the long run, hogs will occupy about the same relative price position as corn.

Sheep—relatively higher. Reduction in numbers of sheep over the last two years, and enforced liquidation in 1934 as a result of the drouth, has brought the number of sheep in the country, according to January 1, 1935, estimates, down to 49,766 million head, or back to the 1929 level. This reduction will tend to maintain a relatively higher level for sheep and lamb prices, when compared with prices of other farm products, than was maintained in 1931-1933.

SUMMARY

1. The tendency for prices of all Illinois farm products to decline from 1929 to early 1933, and then to rise from mid-1933 to the end of 1934, indicates a common force operating first to depress and then to raise all prices. The decline carried the average down to about 50 percent of 1910-1914 prices for the first quarter of 1933, and the ensuing rise brought the average back to approximately the 1910-1914 level at the end of 1934. The rise was divided into two parts; the

first part was completed by the end of the third quarter of 1933, and brought the average up to about 70-75 percent of 1910-1914; the second began in the third quarter of 1934 and brought the average up approximately to the prewar average.

2. The first of the two rises reflected the reaction of markets for staple Illinois products to various policies of the new administration, particularly the monetary policy which reduced by 41 percent the gold content of the dollar. In this rise, prices of animal products lagged, for the cheapening of the dollar does not have as direct an effect on the prices of such commodities as it does on the prices of grains. The full effect of the gold devaluation policy will not be registered in prices of animal products unless the rise in the prices of staples stimulates business activity and causes consumer income to increase to a degree corresponding to the currency devaluation.

3. The second rise in the prices of Illinois farm commodities was the result principally of a shortage of supplies, such shortage being caused principally by the drouth, the effect of which will of course be only temporary. The Agricultural Adjustment Administration's reduction programs also had very direct effect.

4. Analysis of the range of the prices of the various Illinois farm products in successive Septembers from 1930-1934 suggests that the rather definite division of the prices into relatively high and relatively low price groups resulted, not from any common cause, but merely from the chance operation of various influences. The tendency for the prices of all items to move down and up together is evidence of some common cause operating first to depress prices and then to raise the level; and the division into groups composed of different items from year to year is evidence of particular influences pulling the different items by varying amounts away from the general average.

5. Prices of the grains from 1931 to 1933 were, in relation to 1921-1929 prices, the lowest, on the average, of any Illinois farm commodity prices; prices of livestock products were next, and prices of livestock were the highest. The average (median) prices of seven grains during this period was 44 percent of 1921-1929 prices; five livestock and poultry products averaged 50 percent; and seven classes of livestock averaged 59 percent. The rank of the various farm commodities from highest to lowest with respect to prices in 1931-1933 compared with prices in 1921-1929 were as follows: Among the grains barley ranked highest, then oats, corn, rye, wheat, cowpeas, and soybeans. Among the livestock horses ranked highest, then beef cattle, milk cows, veal calves, lambs, hogs, and sheep. Among the animal

products milk ranked highest, then chickens, eggs, butterfat, and wool. In spite of the general rise of prices in 1934, the order of the products in the groups did not change greatly from that just stated.

6. All the rise that can be expected in staple products such as the grains, as a result of the gold devaluation policy, occurred by early 1934. The rise in the general price-level, as measured by the index of wholesale prices of all commodities, was only 30 percent as great as it would have been had it reflected the full degree of gold devaluation. Had devaluation been fully reflected in commodity prices it would have raised the average about 70 percent, that is, from 60 percent of the 1926 level to 102 percent. One of the most important questions now facing Illinois farmers is the extent to which prices of animal products that have not been directly affected by gold devaluation will be affected as the forces let loose by the upturn in the general price-level generates increased business activity, employment, etc., and the height to which the general price average will rise.

7. Irrespective of what the price-level may be during the next few years, barley and horses, because of increased demand for them, are likely to be higher in relation to 1921-1929 prices than are other Illinois farm commodities. Wheat, soybeans, and lambs are likely to be relatively lower. Until there is a greater increase in consumer income than has so far developed, prices of hogs, corn, butterfat, and the poultry products are likely to be relatively cheap except in periods of very short supply.

8. The chief differences in the acreages devoted to the various Illinois farm crops in 1930-1932 compared with 1920-1928, that may have been made in response to changed price relationships, were reductions in rye (60 percent), wheat (29 percent), hay (28 percent), and increases in barley (5 percent) and soybeans (244 percent). Changes in livestock numbers, which were largely in response to price relationships, closely paralleled changes in livestock numbers in the United States as a whole. On January 1 of the years 1931-1933, as an average, there were 25 percent fewer horses and mules, 18 percent more sheep and lambs, 3 percent more cattle, and 7 percent more dairy cows and heifers than on January 1, 1921-1929.

9. During the three-year period 1931-1933 prices of Illinois farm products averaged 51 percent of prices prevailing in 1921-1929; prices of goods bought by farmers for use in farm operation averaged 78 percent, and prices of goods bought for use in farm homes averaged 71 percent. It therefore required 50 percent more farm products to buy given quantities of goods used in production, and 36 percent more

to buy given quantities of goods used in the home, than in the base period. Supplies which were of farm origin were relatively cheaper than those of industrial origin. This gap was partially closed by the relatively greater rise in prices of farm products than in prices of farm supplies in the latter part of 1933 and in 1934. From the low point in 1931-1933 to the end of 1934 prices of farm products had increased by about 121 percent and prices of farm supplies by about 25 percent. There still was required, however, in 1934 about 2 percent more Illinois farm products to buy a given quantity of farm supplies than was required in 1921-1929, and 19 percent more than in 1910-1914.

APPENDIX

TABLE 8.—MONTHLY ILLINOIS PRICES OF SELECTED FARM PRODUCTS, 1931-1934, AND INDEX NUMBERS OF PRICES (1921-1929 = 100)

Month	1921-1929 price		1931		1932		1933		1934	
	Price	Index No.	Price	Index No.	Price	Index No.	Price	Index No.	Price	Index No.
APPLES (<i>bushel</i>)										
January	\$1.78		\$1.50	84.3	\$.65	36.5	\$1.10	61.7	\$1.30	73.0
February	1.86		1.55	83.3	.70	37.6	1.15	61.8	1.45	78.0
March	1.94		1.65	85.1	.75	38.7	1.00	51.5	1.55	81.4
April	2.08		1.70	81.7	.95	45.7	1.25	60.1	1.70	81.7
May	2.01		1.85	92.0	1.05	52.2	1.20	59.7	1.75	87.1
June	2.31		1.75	75.8	1.05	45.4	1.20	51.9	1.60	69.3
July	1.63		.85	52.1	.90	55.2	.80	49.1	1.20	73.6
August	1.27		.65	51.2	.70	55.1	.90	70.9	.95	74.8
September	1.24		.55	44.4	.70	56.4	.95	76.6	1.10	89.0
October	1.37		.55	40.1	.70	51.1	.95	69.3	1.05	76.6
November	1.50		.50	33.3	.80	53.3	1.05	70.0	1.10	73.3
December	1.66		.60	36.1	1.00	60.2	1.15	69.3	1.25	75.3
Year	1.72		1.14	63.3	.83	49.0	1.06	62.7	1.33	77.8
BARLEY (<i>bushel</i>)										
January	\$.64		\$.50	78.1	\$.40	62.5	\$.23	35.9	\$.50	78.1
February	.65		.48	73.8	.41	63.1	.23	35.4	.53	81.5
March	.66		.47	71.2	.43	65.2	.23	34.8	.54	81.8
April	.66		.46	69.7	.43	65.2	.30	45.5	.54	81.8
May	.67		.46	68.7	.38	56.7	.41	61.2	.53	79.1
June	.67		.42	62.7	.34	50.7	.39	58.2	.66	98.5
July	.65		.39	60.0	.28	43.1	.55	84.6	.66	101.5
August	.62		.33	53.2	.25	40.3	.44	71.0	.73	117.8
September	.60		.35	58.3	.23	38.3	.49	81.7	.73	121.6
October	.59		.37	62.7	.22	37.3	.46	78.0	.84	142.4
November	.59		.39	66.1	.24	40.7	.47	79.7	.85	144.1
December	.62		.41	66.1	.24	38.7	.44	71.0	.87	140.3
Year	.63		.419	65.9	.321	50.2	.387	61.4	.665	105.7
BEEF CATTLE (<i>head</i>)										
January	\$7.45		\$7.20	96.6	\$5.40	72.5	\$3.95	53.0	\$4.10	55.0
February	7.33		7.00	95.5	4.80	65.5	4.05	55.3	4.50	61.4
March	7.67		6.90	90.0	5.00	65.2	4.15	54.1	4.60	60.0
April	7.66		6.80	88.8	5.10	66.6	4.15	54.2	4.70	61.4
May	7.90		6.40	81.0	4.60	58.2	4.65	58.9	5.30	67.1
June	7.96		6.10	76.6	4.70	59.0	4.65	58.4	5.40	67.8
July	7.99		6.10	76.3	5.70	71.3	4.60	57.6	5.40	67.7
August	8.13		6.20	76.3	5.50	67.6	4.60	56.6	5.30	65.3
September	8.22		6.10	74.2	5.50	66.9	4.60	56.0	5.90	72.0
October	8.07		6.10	75.6	5.10	63.2	4.60	57.0	5.60	69.4
November	7.90		6.10	77.2	4.90	62.0	4.30	54.4	5.20	65.8
December	7.88		5.50	69.8	4.30	54.6	3.85	48.8	5.20	66.0
Year	7.85		6.38	81.5	5.05	64.4	4.35	55.4	5.10	64.9
BUTTERFAT (<i>pound</i>)										
January	\$.438		\$.25	57.1	\$.22	50.2	\$.19	43.4	\$.15	34.2
February	.418		.23	55.0	.19	45.5	.16	38.3	.21	50.2
March	.424		.26	61.3	.19	44.8	.14	33.0	.23	54.2
April	.408		.25	61.3	.17	41.7	.16	39.2	.20	49.0
May	.373		.19	50.9	.15	40.2	.20	53.6	.21	56.3
June	.360		.19	52.8	.14	38.9	.19	52.8	.22	61.1
July	.362		.20	55.2	.14	38.7	.23	63.5	.21	58.0
August	.370		.23	62.2	.17	46.0	.17	45.9	.24	64.9
September	.391		.26	66.5	.17	43.5	.18	46.0	.23	59.0
October	.410		.30	73.2	.17	41.5	.19	46.3	.23	56.1
November	.428		.28	65.4	.17	39.7	.19	44.4	.26	60.7
December	.442		.26	58.8	.20	45.2	.16	36.2	.27	61.1
Year	.402		.242	60.0	.173	43.0	.18	45.2	.222	55.4
CHICKENS (<i>pound</i>)										
January	\$.201		\$.16	79.6	\$.131	65.2	\$.085	42.3	\$.089	44.2
February	.206		.147	71.4	.127	61.7	.092	44.7	.099	48.0
March	.212		.158	74.5	.127	59.9	.085	40.1	.106	49.5
April	.220		.162	73.6	.125	56.8	.093	42.3	.108	49.1
May	.218		.147	67.4	.115	52.8	.097	44.5	.11	50.4
June	.211		.154	73.0	.107	50.7	.094	44.5	.11	52.1
July	.217		.153	70.5	.115	53.0	.101	46.5	.117	53.9
August	.210		.167	79.5	.115	54.8	.094	44.8	.118	56.2
September	.206		.158	76.7	.11	53.4	.091	44.2	.131	62.0
October	.197		.13	66.0	.096	48.7	.083	42.1	.115	58.4
November	.189		.135	71.4	.092	48.7	.077	40.7	.114	60.3
December	.187		.128	68.4	.082	43.9	.074	39.6	.114	61.0
Year	.200		.15	72.7	.112	54.1	.089	43.0	.111	53.7

TABLE 8.—MONTHLY ILLINOIS PRICES OF SELECTED FARM PRODUCTS, 1931-1934, AND INDEX NUMBERS OF PRICES—Continued

Month	1921- 1929 price	1931		1932		1933		1934	
		Price	Index No.	Price	Index No.	Price	Index No.	Price	Index No.
CLOVER HAY (ton)									
January.....	\$15.62	\$14.60	93.5	\$9.70	62.1	\$5.70	36.5	\$ 9.10	58.3
February.....	15.71	13.70	87.2	8.80	56.0	6.20	39.5	10.10	64.3
March.....	15.48	13.60	87.8	8.80	56.8	5.80	37.5	10.90	70.4
April.....	15.16	13.10	86.4	8.40	55.4	6.00	39.5	11.40	75.2
May.....	15.26	13.20	86.5	8.20	53.7	6.50	42.6	11.80	77.3
June.....	14.54	11.30	77.7	7.20	49.5	6.10	41.9	12.80	88.0
July.....	13.44	9.30	69.2	6.30	46.9	6.60	49.1	12.40	92.3
August.....	12.77	9.30	72.8	6.30	49.1	8.10	63.4	14.60	114.3
September.....	13.32	9.10	68.3	6.10	45.8	8.50	63.8	15.80	118.6
October.....	13.38	9.00	67.3	5.70	42.6	9.00	67.3	15.70	117.3
November.....	13.50	9.40	69.6	6.50	48.1	9.00	66.7	16.20	120.0
December.....	14.29	9.40	65.7	6.10	42.7	9.00	63.0	16.70	115.9
Year.....	14.37	11.25	77.7	7.34	50.7	7.21	50.9	13.12	92.7
CLOVER SEED (RED) (bushel)									
January.....	\$15.24	\$12.60	82.6	\$7.50	49.2	\$4.50	29.5	\$6.20	40.7
February.....	15.64	12.30	78.6	7.60	48.6	4.60	29.4	7.00	44.8
March.....	16.32	11.70	71.7	7.90	48.4	4.70	28.8	7.60	46.6
April.....	16.37	11.00	67.2	8.00	48.9	5.10	31.2	6.70	40.9
May.....	16.17	11.50	71.1	8.10	50.1	5.20	32.2	6.70	41.4
June.....	15.47	11.80	76.3	8.10	52.4	5.30	34.2	7.30	47.2
July.....	15.06	11.40	75.7	6.10	40.5	6.00	39.8	7.40	49.1
August.....	13.88	9.50	68.4	5.40	38.9	5.90	42.5	8.50	61.3
September.....	13.03	7.40	56.8	5.00	38.4	5.50	42.2	10.10	67.0
October.....	13.16	6.60	50.1	4.30	32.7	5.20	39.5	11.05	83.6
November.....	13.77	6.90	50.1	4.40	32.0	5.60	40.7	11.80	85.7
December.....	14.46	7.60	52.6	4.40	30.4	5.90	40.8	12.50	86.4
Year.....	14.88	10.02	66.8	6.40	42.5	5.29	35.9	8.57	57.9
CORN (bushel)									
January.....	\$.67	\$.59	88.0	\$.27	40.3	\$.15	22.4	\$.41	61.2
February.....	.69	.56	81.2	.26	37.7	.15	21.7	.42	60.9
March.....	.69	.53	76.8	.25	36.2	.15	21.7	.42	60.9
April.....	.70	.52	74.3	.24	34.3	.24	34.3	.42	60.0
May.....	.74	.51	68.9	.23	31.1	.36	48.6	.43	58.1
June.....	.78	.49	62.8	.22	28.2	.36	46.2	.51	65.4
July.....	.81	.49	60.5	.23	28.4	.53	65.4	.54	66.7
August.....	.83	.46	55.4	.23	27.7	.43	51.8	.68	81.9
September.....	.81	.36	44.4	.22	27.2	.41	50.6	.74	91.0
October.....	.74	.27	36.5	.17	23.0	.31	41.9	.73	98.6
November.....	.67	.30	44.8	.16	24.0	.37	55.7	.74	110.5
December.....	.68	.27	39.7	.14	20.6	.39	57.4	.88	129.4
Year.....	.73	.45	61.6	.22	30.0	.32	43.1	.58	78.7
COWPEAS (bushel)									
January.....	\$2.16	\$1.80	83	\$.59	27	\$.40	19	\$.88	41
February.....	2.28	1.80	79	.62	27	.41	18	1.17	51
March.....	2.46	1.75	71	.65	26	.44	18	1.20	49
April.....	2.49	1.75	70	.56	22	.47	19	1.40	56
May.....	2.60	1.90	73	.51	20	.86	33	1.39	53
June.....	2.76	1.90	69	.53	19	.96	35	1.40	51
July.....	2.68	1.60	60	.48	18	1.06	40	1.37	51
August.....	2.56	1.50	59	.46	18	1.06	41	1.31	51
September.....	2.09	1.00	48	.43	21	.95	45	.89	43
October.....	1.90	.70	37	.38	20	.72	38	.96	50
November.....	1.84	.55	30	.37	20	.72	39	1.04	56
December.....	1.96	.60	31	.39	20	.72	37	1.13	58
Year.....	2.31	1.40	59	.50	22	.73	32	1.18	51
EGGS (dozen)									
January.....	\$.393	\$.22	56.1	\$.15	38.2	\$.199	50.6	\$.19	48.3
February.....	.308	.12	39.0	.12	39.0	.101	32.8	.148	48.0
March.....	.226	.17	74.3	.087	38.5	.087	38.5	.135	59.7
April.....	.220	.16	71.8	.092	41.8	.092	41.8	.13	59.1
May.....	.223	.12	55.2	.099	44.4	.111	49.8	.128	57.3
June.....	.218	.13	59.6	.092	42.2	.084	38.5	.118	54.1
July.....	.229	.13	55.5	.104	45.4	.109	47.6	.118	51.5
August.....	.246	.16	64.6	.133	55.7	.108	43.9	.151	61.4
September.....	.298	.17	57.0	.154	51.7	.134	45.0	.201	67.4
October.....	.351	.21	59.8	.211	60.1	.186	53.0	.207	59.0
November.....	.438	.26	59.4	.258	58.9	.229	52.3	.268	61.2
December.....	.471	.24	51.0	.294	62.4	.21	44.6	.263	55.8
Year.....	.30	.17	58.6	.149	48.2	.137	44.9	.171	56.9

TABLE 8.—MONTHLY ILLINOIS PRICES OF SELECTED FARM PRODUCTS, 1931-1934, AND INDEX NUMBERS OF PRICES—*Continued*

Month	1921-1929 price	1931		1932		1933		1934	
		Price	Index No.	Price	Index No.	Price	Index No.	Price	Index No.
HAY (ton)									
January.....	\$14.47	\$12.80	88.5	\$7.50	51.8	\$5.20	35.9	\$7.90	54.6
February.....	14.32	12.00	83.8	6.80	47.5	5.20	36.3	8.50	59.4
March.....	14.35	11.10	77.4	6.90	48.1	4.80	33.4	8.90	62.0
April.....	14.21	11.10	78.1	6.50	45.7	4.95	34.8	9.90	69.7
May.....	14.37	11.50	80.0	6.20	43.1	5.20	36.2	10.30	71.7
June.....	13.92	10.30	74.0	5.40	38.8	5.40	38.8	11.20	80.4
July.....	13.24	8.60	64.9	5.30	40.0	5.60	42.3	12.00	90.6
August.....	12.30	8.20	66.7	5.30	43.1	6.90	56.1	13.10	106.5
September.....	12.39	7.80	63.0	5.30	42.8	6.60	53.3	13.80	111.0
October.....	12.45	7.40	59.4	4.90	39.4	6.70	53.8	13.90	111.6
November.....	12.91	7.90	61.2	4.95	39.5	7.40	57.3	14.60	113.1
December.....	13.12	7.70	58.7	5.10	38.9	7.50	57.2	14.80	112.8
Year.....	13.52	9.70	71.3	5.85	43.2	5.95	44.6	11.58	86.95
HOGS (100 pounds)									
January.....	\$ 8.66	\$7.40	85.4	\$3.80	43.9	\$2.70	31.2	\$3.05	35.2
February.....	9.08	7.10	78.2	3.60	39.6	3.10	34.1	4.00	44.0
March.....	9.71	7.20	74.2	4.20	43.3	3.40	35.0	3.95	40.7
April.....	9.42	7.10	75.4	3.70	39.3	3.35	35.6	3.60	38.2
May.....	9.30	6.60	71.0	3.00	32.3	4.30	46.2	3.20	34.4
June.....	9.02	5.90	65.4	3.00	33.3	4.15	46.0	3.65	40.5
July.....	9.64	6.60	68.5	4.50	46.7	4.15	43.0	4.20	43.6
August.....	10.00	6.70	67.0	4.30	43.0	3.95	39.5	4.90	49.0
September.....	10.02	5.60	55.9	3.90	38.9	3.85	38.4	6.30	63.0
October.....	9.62	4.90	50.9	3.25	33.8	4.50	46.8	5.30	55.1
November.....	8.69	4.40	50.6	3.10	35.7	3.85	44.3	5.10	58.7
December.....	8.34	3.70	44.4	2.70	32.4	2.85	34.2	5.30	63.5
Year.....	9.29	6.10	65.6	3.59	38.5	3.68	39.5	4.38	47.2
HORSES (head)									
January.....	\$83	\$71.00	85.5	\$66.00	79.5	\$65.00	78.3	\$76.00	91.6
February.....	87	71.00	81.6	68.00	78.2	69.00	79.3	89.00	100.4
March.....	89	75.00	84.3	71.00	79.8	72.00	80.9	90.00	101.1
April.....	89	72.00	80.9	70.00	78.7	76.00	85.4	89.00	100.0
May.....	89	71.00	79.8	65.00	73.0	79.00	88.8	91.00	102.2
June.....	88	70.00	79.5	65.00	73.9	76.00	86.4	86.00	97.7
July.....	88	66.00	75.0	67.00	75.0	81.00	92.0	82.00	93.2
August.....	87	64.00	73.6	66.00	73.6	77.00	88.5	84.00	96.6
September.....	85	64.00	75.3	64.00	75.3	74.00	87.0	89.00	105.0
October.....	84	63.00	75.0	59.00	70.2	72.00	85.7	86.00	101.2
November.....	83	61.00	73.5	62.00	74.7	71.00	85.5	87.00	104.8
December.....	80	61.00	76.2	60.00	75.0	73.00	91.2	87.00	108.8
Year.....	86	67.41	78.4	65.25	75.6	73.75	85.8	86.30	100.2
LAMBS (100 pounds)									
January.....	\$11.17	\$7.20	64.4	\$4.80	43.0	\$4.60	41.2	\$6.20	55.5
February.....	11.24	7.50	66.7	5.20	46.3	4.70	41.8	7.50	66.7
March.....	11.57	7.60	65.7	5.60	48.4	4.70	40.6	7.60	65.7
April.....	11.57	7.80	67.4	5.70	49.3	4.95	42.8	7.50	64.8
May.....	11.83	7.60	64.2	5.20	44.0	5.40	45.6	7.81	66.0
June.....	11.90	7.10	59.7	5.00	42.0	5.90	49.6	7.30	61.3
July.....	11.29	6.60	58.4	5.20	46.1	6.10	54.0	6.70	59.3
August.....	10.68	6.10	57.1	4.80	44.9	6.00	56.2	6.10	57.1
September.....	10.79	5.60	51.9	4.70	43.6	6.00	55.6	5.90	55.0
October.....	10.61	5.50	51.8	4.55	42.9	5.50	51.8	5.60	52.8
November.....	10.62	5.10	48.0	4.60	43.3	5.40	50.8	5.70	53.7
December.....	11.03	4.80	43.5	4.55	41.2	5.40	49.0	6.00	54.4
Year.....	11.19	6.54	58.2	4.99	44.6	5.39	48.2	6.66	59.4
MILK (100 pounds)									
January.....	\$2.38	\$1.85	77.7	\$1.45	60.9	\$1.10	46.2	\$1.30	54.6
February.....	2.31	1.80	77.9	1.45	62.8	1.10	47.6	1.30	56.3
March.....	2.26	1.80	79.7	1.40	62.0	1.10	48.7	1.35	59.7
April.....	2.19	1.75	79.9	1.35	61.7	1.10	50.3	1.30	59.4
May.....	2.06	1.65	80.1	1.30	63.1	1.15	55.8	1.30	63.1
June.....	2.01	1.65	82.1	1.25	62.2	1.20	59.7	1.40	69.7
July.....	2.19	1.80	82.2	1.30	59.4	1.30	59.4	1.45	66.2
August.....	2.26	1.80	79.7	1.30	57.5	1.30	57.5	1.50	66.4
September.....	2.26	1.85	81.9	1.30	59.7	1.30	59.7	1.50	66.4
October.....	2.30	1.90	82.6	1.35	58.7	1.35	58.7	1.55	67.4
November.....	2.34	1.85	79.1	1.35	57.7	1.45	62.0	1.55	66.2
December.....	2.34	1.75	74.8	1.15	49.2	1.40	59.8	1.65	70.5
Year.....	2.22	1.80	81.1	1.35	60.8	1.25	56.3	1.45	65.3

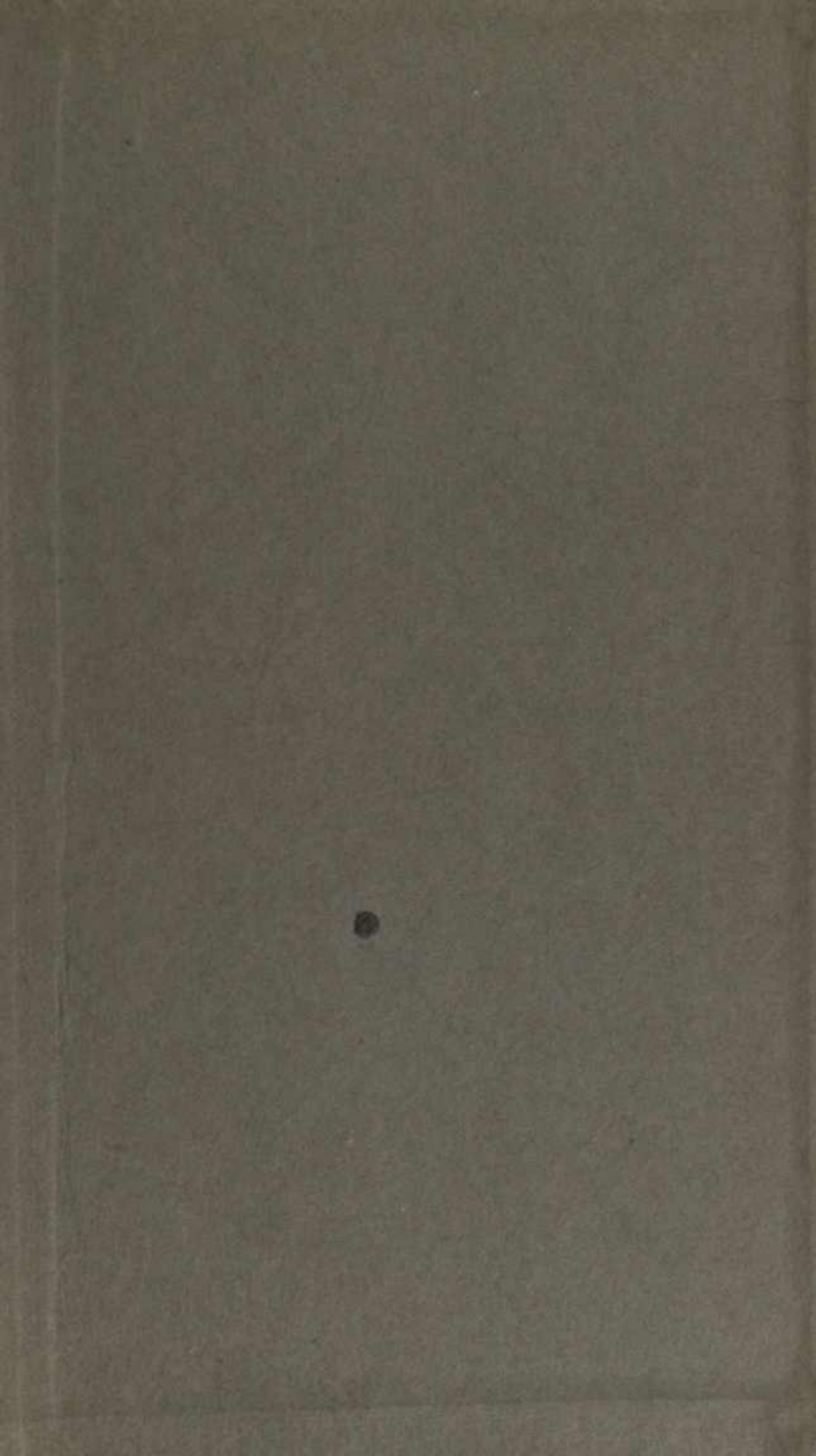
TABLE 8.—MONTHLY ILLINOIS PRICES OF SELECTED FARM PRODUCTS, 1931-1934, AND INDEX NUMBERS OF PRICES—Continued

Month	1921- 1929 price	1931		1932		1933		1934	
		Price	Index No.	Price	Index No.	Price	Index No.	Price	Index No.
MILK COWS (<i>head</i>)									
January.....	\$70	\$65.00	92.9	\$43.00	61.4	\$34.00	48.6	\$33.00	47.1
February.....	71	61.00	85.9	42.00	59.2	34.00	47.9	35.00	49.3
March.....	73	61.00	83.6	40.00	54.8	34.00	46.6	36.00	49.3
April.....	71	59.00	83.1	39.00	54.9	35.00	49.3	35.00	49.3
May.....	72	59.00	81.9	40.00	55.6	36.00	50.0	35.00	48.6
June.....	72	54.00	75.0	37.00	51.4	38.00	52.8	35.00	48.6
July.....	72	55.00	76.4	38.00	52.8	40.00	55.6	35.00	48.6
August.....	71	52.00	73.2	37.00	52.1	36.00	50.7	32.00	45.1
September.....	71	50.00	70.4	38.00	53.5	35.00	49.3	37.00	52.0
October.....	72	50.00	69.4	36.00	50.0	35.00	48.6	36.00	50.0
November.....	72	50.00	69.4	36.00	50.0	33.00	44.8	38.00	52.8
December.....	73	46.00	63.0	35.00	47.9	32.00	43.8	35.00	47.9
Year.....	72	55.17	77.0	38.42	53.6	35.17	49.0	35.17	49.05
OATS (<i>bushel</i>)									
January.....	\$.42	\$.29	69.0	\$.19	45.2	\$.11	26.2	\$.31	73.8
February.....	.42	.29	69.0	.19	45.2	.11	26.2	.32	76.2
March.....	.42	.28	66.7	.18	42.9	.11	26.2	.32	76.2
April.....	.42	.28	66.7	.18	42.9	.15	35.7	.30	71.4
May.....	.42	.26	61.9	.17	40.5	.20	47.6	.30	71.4
June.....	.42	.23	54.8	.16	38.1	.22	52.4	.38	90.5
July.....	.39	.20	52.6	.14	35.9	.38	97.4	.38	97.4
August.....	.36	.15	41.7	.12	33.3	.29	80.6	.43	119.4
September.....	.36	.16	44.4	.11	30.6	.30	83.3	.48	133.0
October.....	.38	.16	42.1	.10	26.3	.25	65.7	.46	121.1
November.....	.38	.20	52.6	.11	28.9	.29	76.4	.48	126.3
December.....	.40	.19	47.5	.11	27.5	.30	75.0	.51	127.5
Year.....	.40	.22	55.8	.15	36.4	.23	57.7	.39	98.7
POTATOES (<i>bushel</i>)									
January.....	\$1.30	\$1.20	92.3	\$.65	50.0	\$.50	38.5	\$1.00	76.9
February.....	1.32	1.10	83.3	.65	49.2	.50	37.9	1.15	87.1
March.....	1.30	1.10	84.6	.65	50.0	.55	42.3	1.30	100.0
April.....	1.35	1.25	92.6	.65	48.1	.55	40.7	1.20	88.9
May.....	1.34	1.10	82.1	.65	48.5	.60	44.8	1.00	82.1
June.....	1.46	1.10	75.3	.75	51.4	.75	51.4	1.05	71.9
July.....	1.62	.95	58.6	.70	43.2	1.70	104.9	1.10	67.9
August.....	1.36	.85	62.1	.55	40.4	1.80	132.4	1.00	73.5
September.....	1.26	.80	63.5	.47	37.3	1.70	134.9	1.00	79.0
October.....	1.21	.70	57.8	.46	38.0	1.05	86.8	.85	70.2
November.....	1.26	.65	51.6	.48	38.1	.90	71.4	.65	51.6
December.....	1.30	.65	50.0	.50	38.5	.95	73.1	.65	50.0
Year.....	1.34	.95	71.2	.60	44.4	.96	71.6	1.00	74.9
RYE (<i>bushel</i>)									
January.....	\$.92	\$.49	53.2	\$.38	41.3	\$.26	28.3	\$.56	60.9
February.....	.94	.44	46.8	.37	39.4	.26	27.7	.56	59.6
March.....	.94	.41	43.6	.40	42.6	.28	29.8	.56	59.6
April.....	.92	.37	40.2	.39	42.4	.34	37.0	.55	59.8
May.....	.92	.40	43.5	.31	33.7	.43	46.7	.56	60.9
June.....	.90	.35	38.9	.30	33.3	.46	51.1	.60	66.7
July.....	.88	.30	34.1	.26	29.5	.85	96.6	.62	70.4
August.....	.86	.30	34.9	.28	32.6	.61	70.9	.75	87.2
September.....	.85	.32	37.6	.28	32.9	.65	76.5	.81	95.0
October.....	.86	.32	37.2	.27	31.4	.57	66.3	.78	90.7
November.....	.87	.40	46.0	.27	31.0	.57	65.6	.70	80.5
December.....	.87	.37	42.5	.26	29.9	.55	63.2	.73	83.9
Year.....	.89	.37	41.5	.31	35.0	.49	55.0	.65	72.9
SHEEP (<i>100 pounds</i>)									
January.....	\$6.07	\$3.80	62.6	\$2.60	42.8	\$1.95	32.1	\$2.95	48.6
February.....	6.26	3.80	60.7	2.60	41.5	2.05	32.7	3.70	59.1
March.....	6.54	4.10	62.7	2.80	42.8	2.10	32.1	3.55	54.3
April.....	6.70	3.90	58.1	3.00	44.8	2.10	31.3	3.55	53.0
May.....	6.38	3.70	58.0	2.20	34.5	2.40	37.6	3.25	50.9
June.....	5.64	2.50	44.3	2.10	37.2	2.25	39.9	2.65	47.0
July.....	5.62	2.60	46.3	2.30	40.9	2.40	42.8	2.40	42.7
August.....	5.58	2.40	43.0	2.10	37.6	2.60	46.6	2.40	43.0
September.....	5.89	2.50	42.4	2.10	35.7	2.40	40.7	2.40	41.0
October.....	5.69	2.50	43.9	2.10	36.9	2.40	42.2	2.40	41.3
November.....	5.60	2.60	37.5	1.90	33.9	2.30	41.1	2.45	43.8
December.....	5.87	2.40	40.9	1.95	33.2	2.60	44.3	2.80	47.7
Year.....	5.98	3.07	50.0	2.31	38.5	2.30	38.6	2.88	47.7

TABLE 8.—MONTHLY ILLINOIS PRICES OF SELECTED FARM PRODUCTS, 1931-1932, AND INDEX NUMBERS OF PRICES—*Concluded*

Month	1921-1929 price	1931		1932		1933		1934	
		Price	Index No.	Price	Index No.	Price	Index No.	Price	Index No.
SOYBEANS (<i>bushel</i>)									
January.....	\$1.93	\$1.25	65	\$.34	18	\$.39	20	\$.73	38
February.....	2.02	1.20	59	.37	18	.39	19	.93	46
March.....	2.17	1.20	55	.40	18	.41	19	.98	45
April.....	2.16	1.10	51	.40	18	.48	22	1.17	54
May.....	2.31	1.10	48	.41	18	.82	35	1.07	46
June.....	2.49	.95	38	.41	16	.90	36	1.33	53
July.....	2.50	.80	32	.39	16	.95	38	1.52	61
August.....	2.12	.55	26	.36	17	.86	40	.88	42
September.....	1.76	.40	23	.39	22	.78	44	.75	43
October.....	1.59	.30	19	.40	25	.59	37	.75	47.2
November.....	1.48	.35	24	.40	27	.63	42	.80	54.1
December.....	1.72	.35	20	.38	22	.66	38	1.05	61
Year.....	2.02	.80	38	.39	20	.66	32	1.00	49.2
VEAL CALVES (<i>100 pounds</i>)									
January.....	\$10.37	\$9.40	90.6	\$6.40	61.7	\$4.45	42.9	\$4.90	47.2
February.....	10.73	9.10	84.8	6.60	61.5	5.40	50.3	5.70	53.1
March.....	10.70	8.00	74.8	6.50	60.7	5.40	50.5	5.60	52.3
April.....	9.91	7.60	76.7	5.50	55.5	4.50	45.4	5.40	54.5
May.....	9.79	7.40	75.6	4.80	49.0	4.95	50.6	5.40	55.2
June.....	9.90	7.40	74.7	4.90	49.5	4.90	49.5	5.10	51.5
July.....	10.02	7.10	70.8	5.30	52.9	5.10	50.9	4.95	49.4
August.....	10.34	7.40	71.6	5.30	51.2	5.40	52.2	5.00	48.4
September.....	10.99	7.90	71.9	5.70	51.9	5.70	51.9	6.40	58.0
October.....	10.92	7.40	67.8	5.30	48.5	5.40	49.4	6.10	54.9
November.....	10.21	6.50	63.6	5.00	49.0	5.40	52.9	5.70	55.8
December.....	10.06	6.10	60.6	4.45	44.2	4.45	44.2	5.30	52.7
Year.....	10.34	7.61	73.6	5.48	53.0	5.09	49.2	5.46	52.8
WHEAT (<i>bushel</i>)									
January.....	\$1.32	\$.68	51.5	\$.44	33.3	\$.38	28.8	\$.76	57.5
February.....	1.34	.67	50.0	.44	32.8	.38	28.4	.79	58.9
March.....	1.32	.66	50.0	.45	34.1	.40	30.3	.78	59.1
April.....	1.26	.67	53.2	.46	36.5	.49	38.9	.75	59.5
May.....	1.29	.66	51.2	.43	33.3	.67	51.9	.75	58.1
June.....	1.24	.56	45.2	.40	32.3	.65	52.4	.86	69.4
July.....	1.17	.39	33.3	.37	31.6	.93	79.5	.82	70.0
August.....	1.16	.37	31.9	.41	35.3	.80	69.0	.93	80.2
September.....	1.16	.37	31.9	.41	35.3	.74	63.8	.95	81.8
October.....	1.18	.37	31.3	.39	33.0	.70	59.3	.91	77.1
November.....	1.18	.49	41.5	.37	31.4	.77	65.3	.91	77.1
December.....	1.22	.44	36.1	.36	29.5	.75	61.5	.94	77.0
Year.....	1.24	.53	42.3	.41	33.2	.64	52.4	.85	68.8
WOOL (<i>pound</i>)									
January.....	\$.317	\$.19	59.9	\$.13	41.0	\$.10	31.5	\$.25	78.8
February.....	.320	.18	56.2	.14	43.8	.10	31.2	.26	81.2
March.....	.322	.18	55.9	.12	37.3	.10	31.0	.27	83.8
April.....	.317	.16	50.5	.11	34.7	.10	31.5	.27	85.2
May.....	.321	.14	43.6	.09	28.0	.17	53.0	.24	74.8
June.....	.332	.13	39.2	.08	24.1	.23	69.3	.23	69.3
July.....	.332	.13	39.2	.08	24.1	.23	69.3	.23	69.3
August.....	.327	.14	42.8	.09	27.5	.24	73.4	.22	67.3
September.....	.334	.14	41.9	.09	26.9	.24	71.8	.21	63.0
October.....	.330	.14	42.4	.09	27.3	.25	75.8	.21	63.6
November.....	.343	.14	40.8	.09	26.2	.26	75.8	.20	58.3
December.....	.343	.13	37.9	.09	26.2	.25	72.8	.19	55.4
Year.....	.33	.15	45.9	.10	30.6	.19	57.2	.23	70.8

The figures given in this table are based on data obtained from the Illinois—U. S. Crop Reporting Service.



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