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Montana's Agricultural Outlook FOR 1925

by
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and
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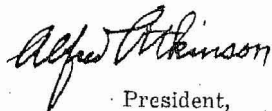


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MONTANA STATE COLLEGE EXTENSION SERVICE
BOZEMAN

The Business Side of Farming

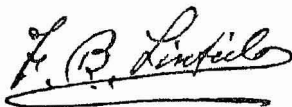
"Orderly marketing is impossible unless preceded by orderly production."—PRESIDENT CALVIN COOLIDGE.

"Montana is now entering upon a new period of agricultural development. Our resources have been tested and proven, and today there is developing a definite type of successful Montana agriculture. Settlement of our low priced lands, and the adaptation to these lands of crops and livestock of quality, have progressed to the point where we may now turn to a new phase of our agricultural problem,—that of adjusting farm and ranch business to meet local, national and world conditions. This circular presents to the Montana farmer and rancher the best available information on conditions throughout the world in agriculture, as they pertain to the immediate future. This circular is a new type of information service to the farmer because it looks to the future instead of reviewing the past. It is in no sense a prophecy of prices or crop conditions for 1925, for these things cannot be clearly foretold, but it is a summary of the conditions which face agriculture of the world at the opening of the year 1925. If, upon this information, the farmer can organize his farm business more successfully to meet these conditions and to gain the highest possible profits for the year, the circular will have served its purpose."



President,
Montana State College

"Montana State College, in its teaching work, experimental work and extension service, is as much interested in the business side of farming as it is in production. Farmers realize that they cannot be highly successful if they know only how to raise good crops; they must organize the farm enterprises so as to produce these crops at low costs, and they must meet market demands with products that command the most favorable prices. The world each season finds a surplus of some agricultural commodity, a shortage in another. This must invariably happen where agriculture has no plan of balanced production. This lack of balanced production, coupled with climatic changes, causes the wide price swings on the market which the public has seldom understood, and which have often caused severe financial loss over great agricultural areas. Thus we believe that farmers of Montana will welcome this summary of world information, because from it they may draw conclusions to guide them in their planning for the crop and live stock production of 1925 and the marketing season following."



Dean of Agriculture,
Montana State College

Montana State College expresses its appreciation for the help and cooperation given by the Bureau of Agricultural Economics of the United States Department of Agriculture, in the preparation of this bulletin.

Montana's Agricultural Outlook For 1925

By

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and

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(A bulletin issued February 15, 1925, by the Montana State
College Extension Service)

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Introduction

Plans for the 1925 crop and live stock production in Montana are being made at this season of the year. Without a hint of the weather which will determine his crop yield for the year, and with only the knowledge of world production and future prices which he can gather by reading reports and statistics, the farmer or rancher must proceed to make some sort of production plan which to him seems best adapted to the conditions ahead.

The making of these plans against an uncertain future constitutes the "gambling element" in farming and stock growing. Could the farmer but know the weather ahead for the year, could he but look far enough ahead to measure the world production and compare it to the world demand, he could arrange his own farming business so that this gambling element would be largely done away with. But he cannot fortell the weather, and he knows that the weather will largely say whether or not the world wheat districts will produce enough grain to send prices again tumbling down this fall. The weather remains one of the "risks" which he must face. He can also understand how changes

Note—Mr. M. L. Wilson, agricultural economist, is now on a one-year leave of absence. He is temporarily serving as farm economist in the Bureau of Agricultural Economics of the United States Department of Agriculture at Washington, D. C.

in city prosperity would change public demands for high or low priced foods.

Farmers and stockmen the world over have long sought for some sign that would serve as a guide in the planning of their year's production; for some information which might lead them away from the dangers of over-production. To the weather man, the economist, the agricultural specialist and the world crop reporter these farmers and stockmen have looked for some indication of conditions ahead. But it has been only in the past two years that governmental agencies have attempted to meet this demand with practical information.

Conditions Affecting Market Prices

Information of this nature cannot be a full measure of all conditions ahead for the year. Too many things enter into the cause for changes in market prices to permit anything here in the nature of a "prophecy." Some of the most important factors that affect prices may be given in about the following order:

- 1—Weather, which controls crop yields.
- 2—Extent of production, which might be responsible in any one year for over- or under-production in any line.
- 3—Public demand, which changes to follow general business conditions.
- 4—Minor conditions, such as tariff protection, plant and animal diseases, insect pests, crop quality, etc.

These are the factors in the farmer's "gambling chances."

Note 1—The potato crop is peculiarly sensitive to over-production. Montana farmers will remember that in the winter of 1920 potatoes sold for an unusually high price, while an over-production the next year sent the price so low that it was practically the cost of digging the potatoes. Had farmers in the spring of 1921 known the potato acreage planned for the entire country, they could have seen the possibility of an over-production and reduced their acreage accordingly.

In 1921 good ewes sold as low as five dollars per head, wool for 15 cents per pound. These depressed prices caused heavy losses to many sheep men of this state. Some sheep men had studied world prices and saw that low prices were liable to come; they got out of the business or reduced their holdings to meet the slump. Now sheep and wool are back on an attractive price basis and the sheep man generally is seeking information about conditions ahead.

Can he reduce the risk by foretelling the weather? Scientists are trying to find some plan for long-time weather prediction, but it is not yet proven possible. The weather risk must remain.

Can extent of production, business conditions and minor factors be foreseen to any extent. On these subjects there is more information available, although it is not yet complete. But as far as knowledge of these conditions will help to remove part of the risk of the farmer and stockman, this information should be placed immediately in his hands. This is the purpose of this publication. While Montana State College is doing something new in presenting this sort of material from a state viewpoint, it is done in the belief that agriculture seeks and welcomes this type of information, and that it will become an annual service of increasing importance.

How the Information is Gathered

Business conditions and possible extent of world production are rather clearly anticipated each year through figures gathered by the Bureau of Agricultural Economics of the United States Department of Agriculture. This federal department has its men in all parts of the world, and these men are continually studying crop estimates, trend of production, condition under which production takes place and other elements in foreign agriculture which have a bearing on agriculture in the United States. At home it has statisticians, economists, specialists and crop reporters in all states and from these men gathers figures on domestic production and consumption. In recent years it has supervised the taking of figures on "intentions to plant" and from these figures gets a fairly accurate idea of the American production for the year ahead. Each year these economists and scientists of the Bureau of Agricultural Economics meet to agree upon a general report on possible conditions for the year ahead, a report which for the past two years has been enthusiastically received by American agriculture.

By special arrangement with the departments in Washington, D. C., the Montana State College this year was able to obtain early reports of this material. It was hurried west and was the subject of discussion by Montana State College workers, who interpreted the world report under Montana conditions and worked

out what they believe to be the most conservative suggestions for the farmers and stockmen of this state.

In presenting this summary of information the world situation is first outlined, then the situation in Montana.

Crop Production

Note—All material used inside of quotation marks in the following pages is material copied direct from the report of the Bureau of Agricultural Economics of the U. S. D. A. Material not used within quotation marks is material prepared in Montana.

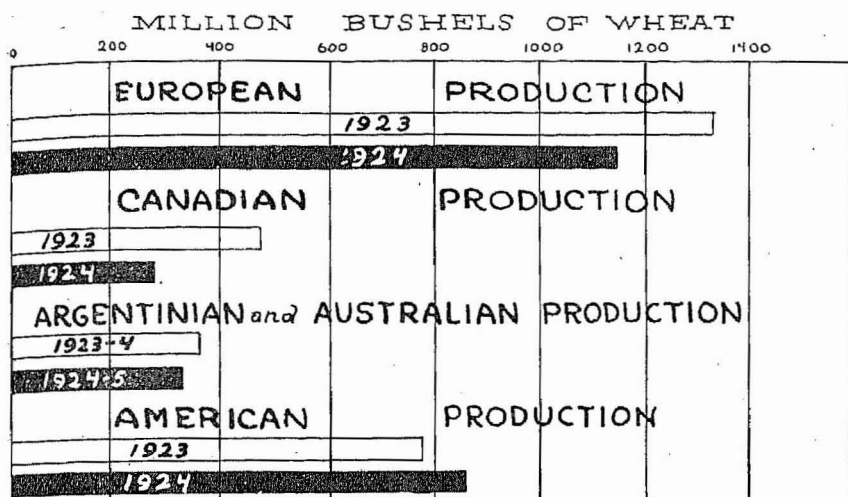
WHEAT

The National Situation

"If there is an average world crop of wheat in 1925, the present high prices of wheat cannot be expected to prevail for the 1925 crop, although prices are expected to be better than in 1923. Growers of hard spring wheat are cautioned not to increase production above domestic requirements. If the spring wheat acreage in the United States is held to that of last year and an average yield is secured, the production of hard spring wheat should about equal domestic requirements.

"The year 1924 witnessed the very unusual situation of a large United States crop of wheat coming at a time of short world crop. The result was that the wheat grower in this country, with a larger crop than in 1923, realized a much higher price per bushel than he received for the smaller crop of the year before. Present prices should not lead wheat farmers to deviate from programs looking toward a balanced system of agriculture.

"The short crop of the world (1924) was due chiefly to low yields outside of the United States, and only slightly to a smaller acreage. The greatest decrease in production occurred in Canada, with considerable decreases in Argentina, Italy and Germany. The prevailing high price of wheat, as compared with the price for several years past, is due not alone to a ten per cent reduction in the world crop, but also to an increase in the world demand,



WHY THE PRICE OF WHEAT IS HIGH

NEARLY ALL THE REST OF THE WORLD IS SHORT OF WHEAT

which since 1918 has been on a definitely lower level than it was before the war. The low price that prevailed last year up to mid-summer, due primarily to the large 1923 crop and heavy stocks, stimulated foreign consumption.

"The winter wheat acreage sown for the crop that will come onto the market this year, as reported for the United States, Canada, and eight European countries, shows an increase of about $3\frac{1}{2}$ per cent over that of last year. The total acreage reported for winter wheat represents more than half of the total winter and spring wheat area of the Northern Hemisphere outside of Russia and China. The European countries reporting, which represent more than half of the total wheat acreage of Europe, show a slight decrease. If the plantings in other European countries have shown no increase, the winter wheat acreage in the Northern Hemisphere is still somewhat larger than last year, and barring serious winter killing and unfavorable weather during the growing season should produce a crop of winter wheat equal to that of 1923. The condition of winter wheat in the United States and Western Europe is generally reported as good, but conditions

are less favorable in the important wheat sections of the lower Danube basin.

"If the spring wheat acreage in the United States is held to that of last year, and an average yield is secured, the production should about equal the domestic requirements. It seems probable that with the present tariff in effect, a production less than our requirements will bring a price for spring wheat appreciably higher than would a larger production. A situation may, of course, arise when the tariff will hold the very high milling wheats above the general level, but leave the price of the remainder of the crop at the general price level for wheat.

"Durum wheat will probably be less profitable than hard spring wheat except in those regions where higher yields are generally secured."

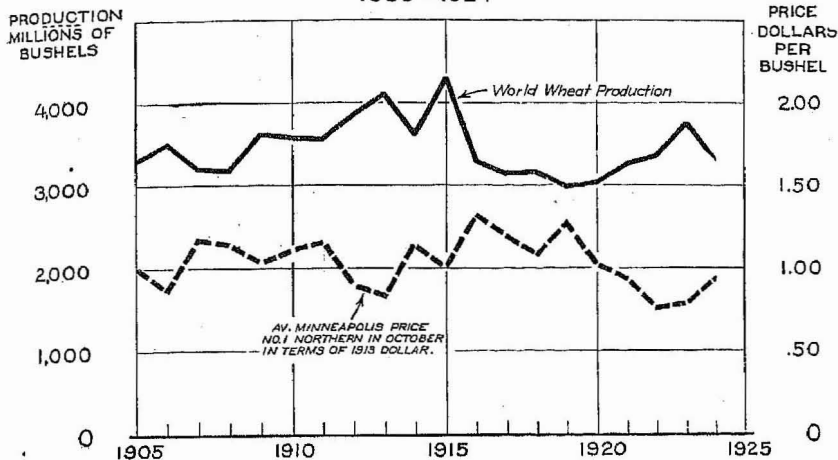
The Montana Situation

Although the present prices for wheat are not apt to continue for the 1925 crop, Montana farmers will find it advisable to maintain about the same acreage as 1924 because of the premium paid for high quality Montana wheat. This premium for quality is the best protection for the Northwest wheat grower and would be wiped out if we produced more of this high quality wheat than the American demand. Montana wheat can and should be produced at very low costs, lower than in other spring wheat sections. The present high price of wheat should not cause Montana farmers to abandon their plans for diversification.

Montana grows wheat of high gluten content and this quality of wheat is in demand at a premium over the usual wheat price. This premium, in past years, has about offset the difference in price caused by our distance from terminal wheat markets. (See note 2.) Most of this high quality wheat in America is produced in Montana and North Dakota, Montana holding a good lead in the percentage of wheat which commands a premium. Our only competitors are the Canadian provinces, but we are protected

Note 2—In 1924 it is shown that 84 per cent of the Montana wheat crop graded No. 1, 10 per cent graded No. 2, 5 per cent graded No. 3 and 1 per cent graded No. 4. While actual figures are lacking it is estimated that the average premium on Montana wheat grading No. 1 reached almost 20 cents per bushel.

RELATION OF WORLD WHEAT ACREAGE AND PRODUCTION TO MINNEAPOLIS WHEAT PRICES 1905 - 1924



by a tariff of 42 cents per bushel. As long as the northwest produces less premium wheat than the American demand, we will benefit from the tariff protection; if we produce more than the American demand for this quality of wheat, it will go upon an export basis and wipe out our price advantage. There seems no indication of an increased production this year that would destroy our premium advantage.

In the face of world wheat conditions, it seems that some American wheat growing districts should decrease their acreage for 1925, but Montana farmers will believe that this decrease should occur in districts which produce low quality wheat. The Montana farmer has both premium advantage and advantage of very low cost production to protect him in this wheat growing competition. Our weather conditions normally allow harvesting under low cost conditions, and our crop may be handled with large power outfits on large areas of low priced land.

Montana's greatest disadvantage is in her variability of seasons, which causes the great risk in wheat production. But this disadvantage may be partially offset by a type of farm organization which includes other lines of production that do not compete with wheat as the cash crop, but which contribute to the farm income without additional outlay of cash and labor or

equipment. These other lines of production include sweet clover, corn, hogs, cows, etc.

It is suggested that Montana farmers should take the profits of their 1924 wheat crop to aid toward their plans of diversification, rather than for the increasing of their wheat production for 1925.

FLAX

The National Situation

"Flax acreage may still be increased somewhat in America before production with average yields will equal the present consumptive demand, and it seems probable that flax prices in the United States will be on a relatively higher level than wheat during the next crop year if production remains below the domestic requirements.

"Some margin must be allowed between production and consumptive needs to make the full amount of the duty effective but from the best information available it appears that the present active demand for flax seed is likely to continue during the next crop year and that it will be sufficient to absorb a material increase over this year's production without placing United States flax on an export basis.

"The flax acreage has been increased between 800,000 and 900,000 acres each year since 1922 and flax seed production 1924, totaling slightly over 30,000,000 bushels, was the largest on record. However, increased building and repainting, which had been neglected during the war, together with improving financial conditions, have caused increased demand for oil with a resulting advance in price.

"During the war period flax acreage was reduced in favor of wheat until production was brought down to around 12,000,000 bushels. Exports were almost negligible while imports exceeded yearly production by about 2,000,000 bushels.

"The acreage in 1921 was still smaller than during the war period, totaling but little over a million acres, and production was the smallest since 1879, with the exception of 1919 when the crop was very poor and averaged only 4.8 bushels per acre. Because of the general business depression, however, prices declined to about \$1.45 per bushel as the average farm price and imports

were also decreased until the total supply of flax seed in the United States for that year was only 21,650,000 bushels.

"In 1922 production and net imports totaled 38,243,000 bushels, and in 1923 about 37,438,000 bushels. According to the best information available, the linseed oil requirements of the United States for 1925-26 will be the equivalent of about 40,000,000 bushels of flax seed."

The Montana Situation

It does not appear at all probable that there is danger of an over-production of flax in the United States in 1925. While there was a great increase in the American flax acreage in 1923 and 1924, this acreage could be increased an additional 15 per cent in 1925 before production under average conditions would meet our estimated national demand. In northeastern Montana farmers should plant at least the acreage of flax they planted in 1924, in spite of the present high wheat price.

Flax in the United States is produced almost entirely in the four northwestern states of Minnesota, North Dakota, South Dakota and Montana. There is little if any danger that other agricultural sections of the United States will enter the flax growing competition. Our growers are protected against foreign growers by a tariff of 40 cents per bushel. (See note 3).

The United States is the world's greatest consumer of flax seed. Although we produced an unusually large flax crop in 1924, American crushers still had to import about 12,000,000 bushels to meet the demand. This means that we imported about one-fourth of our supply in a year when our own acreage was large, and when the yield was unusually good. (See note 4).

The high price of flax for the past year does not necessarily mean that farmers will plan to increase the acreage to a great extent this year. It is noted that the flax acreage depends more upon the price of wheat than it does upon the price of flax.

Note 3—While the tariff on flax is 40 cents per bushel the advantage to American growers really is 32 cents per bushel in years when the linseed oil cake must be exported.

No. 4—The average flax yield in the United States in 1924 was 9.2 bushels per acre. The average yield over a ten year period from 1909 to 1920 was only 7.2 bushels.

Following are the figures on flax production, consumption, and average price for the United States, since 1921:

Year	Production Bushels	Consumption Bushels	Av. Price December
1921	8,029,000	32,780,000	\$1.45
1922	10,375,000	35,746,405	2.11
1923	17,429,000	37,744,944	2.10
1924	30,000,000	38,000,000 (est.)	2.50
1925	—————	(est.) 40,000,000	—————

These figures show that production in the United States is rapidly approaching consumption demand, but that there is an opportunity for some further expansion of the flax acreage for 1925.

CORN

The National Situation

"While the 1924 corn crop will probably be well cleaned up, an increased acreage in 1925 does not appear advisable in view of the indicated reduction in the feeding demand. Stocks of old corn on farms are likely to be smaller than usual in the beginning of the new crop year 1925, but it appears that not more than an average crop will be required to supply the needs of the country for both feed and commercial purposes.

"Acreage as large as that planted in 1924, if coupled with yields as large as in recent years, except 1924, would produce a crop in excess of the probable feeding demand and other domestic requirements and result in materially lower prices to farmers who sell their corn.

"Seed corn should be carefully tested and only good sound corn of a good variety, showing a high percentage of germination, should be used."

The Montana Situation

The corn situation in the Corn Belt only indirectly affects farmers in Montana. Montana farmers are justified in the expansion of their corn acreage as far as they have live stock to consume the feed. Corn fits admirably into the farm system with wheat, using labor and equipment at times when wheat does not demand them. Corn furnishes a good crop for rotation with

wheat. Corn may be grown at low costs in Montana as a supplemental crop, with wheat as the principal cash crop.

Corn is the principal cash crop of the Corn Belt States, but wheat is the principal cash crop over most of Montana. Corn on the dry lands of lower altitude in Montana uses man labor, farm power and machinery at times when it would otherwise lie idle on the wheat farm. Montana farmers, however, will not find it advisable to plant more corn than they find necessary for the feeding of their live stock. The low growing varieties of corn adapted to Montana conditions allow the "hogging off" of the grain and provide a valuable leafy forage. Corn as a market crop is not attractive in Montana at this time. Corn acts as a suitable substitute for a certain amount of summer fallow in Montana's wheat growing districts.

Corn can be grown in Montana at low costs. (See Note 5). While conditions in the Corn Belt do not appear favorable for an increased acreage in 1925, the farmers of Montana may safely expand their corn acreage to meet their feeding demands.

OATS

The National Situation

"Oats production in 1924 was slightly in excess of domestic requirements and with no increase probable in domestic consumption during the next crop year, any increase in the oats acreage in 1925 does not seem advisable.

"The large supply of oats is causing prices of this grain to lag behind the prices of other grains. While prices are slightly higher than last year the advance has been caused almost entirely by the high corn prices. Had the corn crop equaled the five-year average, it is probable that the 1924 crop of oats would have sold below the 1923 prices."

The Montana Situation

In terms of the national outlook it would be unwise for farmers to produce oats intended for sale in eastern terminal markets. The farmer seems justified in producing only enough oats for his own feed requirements and to meet local milling demands.

Note 5—A bulletin "Big Scale Corn Raising in Montana," is now available free of charge from the Montana Agricultural Experiment Station at Bozeman.

Information, but not "Prophecy"

No person can foretell all of the things which enter into the price of agricultural products. The weather is a matter of doubt for any distance ahead, and any of the other conditions which seems rather clearly indicated at this time may, under the natural course of things, change before the market season comes.

This bulletin proposes to give to Montana farmers and stockmen the best information available at this time on possible conditions ahead as measured by figures and observations from all parts of the world. It is not in any sense intended as a "prophecy" and should not be so received. If this information can help individual farmers so plan their 1925 production that some of the "gambling element" is lessened, it will have served its purpose.

BARLEY

The National Situation

"While barley prices are at relatively high levels because of a sharp decrease in the world's production and the high price of other feed grains, the general situation suggests that last year's acreage was sufficient under normal conditions to produce sufficient barley for domestic requirements and for the limited export demand for malting barley.

"Under normal conditions the United States has an exportable surplus of around 20,000,000 bushels and the market price is therefore materially affected by world crop conditions and prices. With the recovery in European production foreign competition will likely increase and result in a decreased export demand."

The Montana Situation

In high altitudes and irrigated valleys where corn does not ripen, barley is a good fattening food for live stock.

In other sections of the state where corn can be grown, it is doubtful if the farmer would gain by planting barley at the expense of his wheat acreage.

ALFALFA SEED

The Montana Situation

Farmers of northern states in America are showing an increasing demand for hardy alfalfa varieties which resist winter

killing. Montana is adapted to the growing of this hardy alfalfa seed and finds a good market, at premium prices, in other northern states. Only certified seed, registered by the Montana Seed growers Association, should be grown for this market.

Proper conditions of soil and climate are required for the successful growing of alfalfa seed. Farmers should consult their county agent before entering the business of alfalfa seed production. The yield of alfalfa seed varies with the nature of the season. This makes alfalfa seed raising somewhat of a risk and will in most instances suggest that it remain a minor farm enterprise.

POTATOES

The Montana Situation

Montana Potato growers are warranted in increasing their acreage of potatoes for the season of 1925 along the line of certified seed potatoes of the better and more widely advertised strains. During the past season the demand for certified Montana potatoes has far exceeded the supply. Individuals who have already made contact from the marketing end are in a position to increase their plantings in a moderate way. New individuals going into the potato growing business should restrict their plantings to a single car basis and make contact before branching out into larger production.

Yields of table stock were below normal in most sections of the state in 1924, due to low yields. Some communities did not supply their own needs. It is evident that a normal yield with the same acreage would result in a larger production. Plantings should at a minimum be on the basis of meeting local needs. Many cars of Idaho stock were shipped into the state during the 1924-25 season. A real bid for some of the local markets has not yet been made by Montana growers. Montana Netted Gems have always commanded a premium on the outside market. This applies to high class stock. Production costs are comparatively low in Montana. Normal plantings in other states seem to be the tendency indicated now. With a normal season, the outside market condition should not be much different for 1925 than it has been for 1924.

"Ask Your County Agent"

County extension agents throughout Montana are holding farm accounting schools to present to farmers the best information on the organization of farm business. In cooperation with experiment stations and federal departments these county extension agents are continually gathering information on farming and stock raising for the benefit of agriculture as a whole. Through the county agent there is always available the latest general information on crop production, farm accounting, general agricultural economics and the development of community life. "Ask your county agent."

Live Stock Production

BEEF CATTLE

The National Situation

"Prospects for the beef cattle industry appear moderately favorable. Prices for 1925 should average somewhat higher than for 1924. The industry is gradually working into a more favorable position due almost entirely to the cattleman's own sacrifices, the relation of beef to competing commodities, especially pork, and to improved industrial conditions. Market receipts will probably be somewhat smaller than in 1924. All conditions indicate that the long time outlook for the industry is even more favorable.

"For the next few months, reductions in the number of cattle at markets will be confined largely to better grades or, in other words, grain finished cattle. Lower grades will be plentiful and the supply is expected to meet increased competition from dairy cattle. Presumably the price spread between the better grades of grain finished cattle and the lower grades will lessen in seasonal manner during the next few months and then widen materially as the year advances. Because of the probable relative scarcity of heavy cattle, it is not expected that light slaughter steers will hold, though in the summer months, a price premium over comparable grades of moderately heavy weights. The trend of consumer demand in recent years, however, has been very definitely in favor of the light cattle. With any improvement in the

feed situation and in the prospective prices for fed cattle, a fairly active demand for stockers and feeders is expected in the fall of 1925 and prices on such cattle should average a little higher than in the fall of 1924.

"As a war legacy the beef cattle industry has been suffering from over-production during the last five years. The domestic demand has not been sufficient to consume the quantity of beef produced at prices remunerative to the cattleman. The trend to a more normal production has been evidenced by a market shift from beef cattle to dairying and to sheep, particularly during the last two years. Some of the most pronounced signs of liquidation were evident during the past year. As compared with 1923, nearly 600,000 fewer cattle and calves were returned from market centers to the country for finishing, although receipts were the largest since 1919. This resulted in an increase of 6.3 per cent in the number of cattle and calves slaughtered over 1923.

"The stocker and feeder movement at all markets during the last six months of 1924, compared with 1923, showed a decrease of 14 per cent. The estimate of cattle on feed in the Corn Belt on January 1, 1925, showed a decrease of 18 per cent compared with January 1, 1924. The marketing and slaughter in December were the largest for that month since 1919. While feeding cattle were bought lower than in 1923, this small saving has been in many instances discounted by high feed costs. The high cost of feed will no doubt shorten feeding periods, thus limiting the number of well finished cattle for the summer and fall market.

The estimated number of cattle other than milk cows on farms and ranges January 1, 1925, was 39,609,000, compared with 41,720,000 in 1924. The estimated number in twelve range states declined 4.6 per cent from last year and is 7.9 per cent below 1922, indicating a continued downward trend in range cattle production.

"Even at present price levels, American beef cannot compete with Argentine beef in European markets, so there is no prospect of an improved export trade. On the other hand, any probable increase in the price level is not likely to be great enough to attract Argentine beef to the United States. European countries

have taken greatly increased quantities of Argentine beef during the past year at increased prices and the supply in that country seems adequate to meet the European demand.

"While industrial conditions are expected to continue favorable, the greatest strength in the beef market will be due to the decreased supply of pork products. Pork has been relatively more plentiful and cheaper than beef. The price situation has changed materially during the last six months and consumer's demand is expected to shift more to beef as the supply of pork diminishes."

The Montana Situation

While immediate prospects for the grower of beef cattle show only a slight improvement, it is generally believed that this improvement will continue for some years.

The spread between high grade and quality cattle and the inferior-to-common grades has been great and will probably continue in about the same proportion throughout the marketing season. Montana producers with feed and range conditions particularly adapted to beef production can best compete by raising high grade and quality stock. Competition from cheap beef from the dairy industry will continue and it is expected that the inferior grades of beef will not show the increase in price that may be expected for the better grades of both fat and feeder stock.

The feeder buyer has found by experience that only well bred calves and yearlings can profitably be finished to supply the light weight carcasses now in demand. The future policy of the range cattleman should be to meet this demand for breeding and quality, rather than to supply the market with low grade cattle.

The present time offers a favorable opportunity to improve the grade and quality of herds. Prices for pure bred breeding stock, in sympathy with commercial cattle, are low, and the commercial producer should take advantage of the situation.

If sufficient numbers of high quality and uniform grade feeder stock are produced, a direct trade from range to feed lots could probably be developed to the advantage of the producer. More finishing and fattening of beef in sections with a surplus of feed grains and hay probably can be practiced with profit.

There is need of a better understanding of the cost of grazing land in relation to its true grazing value. Cattlemen are being

cautioned at this time against over-valuation of grazing land. More attention should be given to fenced pastures and ranges that would assure a higher percentage and more uniform age of calves dropped, and give more complete control of grazing.

SHEEP AND WOOL

The National Situation

"Prospects for the sheep industry in 1925 appear favorable. The world wool outlook and the prospective meat situation in this country promise prices for 1925 at least on a par with those of 1924. There does not appear to be any immediate danger of over-production, as the increase in the number of sheep has as yet been only slight.

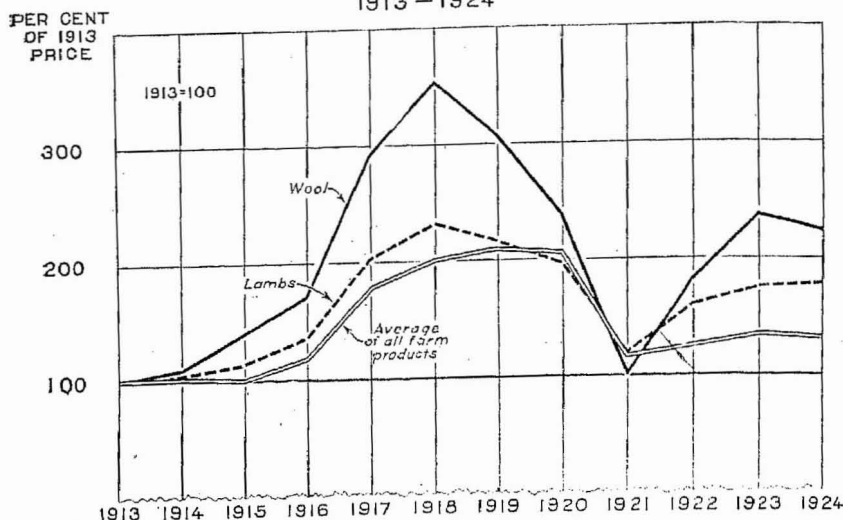
"For more than two years lambs and wool have commanded prices above most farm products and more than 50 per cent above the pre-war level. After 1925 some recession in returns from sheep may occur. It would seem, however, that in those areas where feed and range are available, or where sheep can be used in building up a diversified system of farming, prices will, for the next few years, remain sufficiently high to warrant moderate increases in present numbers.

"Market receipts of sheep and lambs may show a moderate increase over those of 1924, but with somewhat better demand it is not anticipated that this increase will be sufficiently large to bring about any marked lowering of average price. Frequent and wide temporary and seasonal fluctuations in price, however, are anticipated.

"With low business activity, American mills consumed about one-sixth less wool in 1924 than in 1923. There has been a decided increase in activity since the middle of 1924, and with expected further improvement in business activity it seems probable that the demand for wool during 1925 will be stronger than during 1924. Our wool prices are still somewhat below the world level, taking account of the tariff, and with increasing domestic consumption further advances may occur.

"There is a close relation between lamb prices and supplies of lamb. However, the demand for lamb is sufficiently elastic so that the market can absorb considerable increases in production at only a slight decrease in price.

PRICES FARMERS RECEIVED FOR WOOL AND LAMBS COMPARED TO PRICES RECEIVED FOR ALL FARM PRODUCTS 1913 - 1924



"Some expansion has been going on in the industry ever since the low point of production was reached in 1922. Thus far, this expansion has not materially affected market receipts which in 1924 were only 175,000 head greater than in 1923. This may mean that animals were kept at home to increase the breeding stock instead of being sent to market. However, the two per cent increase in the estimated number of sheep this January over last January does not indicate that the expansion has yet been great.

"During the past year or two there has been a rather marked tendency for cattlemen to shift to sheep and if this movement continues for a time it will materially increase and hasten expansion in the sheep industry. Better prospects for cattle may, however, tend to halt this shift of cattlemen from their own line of husbandry.

The Montana Situation

With national prospects favorable for sheep and wool, and with little immediate danger of over-production, the sheep and wool situation in Montana naturally takes a favorable tone. The

situation is favorable both for the specialized sheep rancher and for the diversifying farmer who is including sheep as a minor farm enterprise.

The specialized sheep rancher in Montana has usually been in the business for many years and understands it. To him the national and world outlook is of chief interest and perhaps presents sufficient information. With the specialized sheep outfits the present prices make it possible to realize a profit from almost any ewe. However, with prospects for continued high operating costs and a possible lower level of future prices, the present is an ideal time for a systematic check-up on the number of ewes in any band that are not producing enough wool to return a profit in less favorable times. There is now a satisfactory market for these lower grade ewes that may not exist when the time comes for the cutting down of numbers to meet changed conditions.

There is room for expansion in placing aged ewes on the small farms in Montana where legume hays are produced, and where experience has shown that the loss in this class of stock is reduced to the minimum and satisfactory lamb crops are produced. These ewes when shipped to central markets show a small margin over marketing costs where in like manner if carried on the range, severe losses result in case of a severe winter. There is a possibility of future profit in placing aged range ewes on small farms.

For the diversifying farmer, if he is inclined to favor sheep as a minor farm enterprise, he must first determine to what extent sheep will fit into his farm organization without competing with other main lines of production, then grow into the business gradually. Often he will find that under such circumstances farm flocks of sheep will add to the total farm income with but very little cash outlay or additional demand upon his time and equipment.

Since sheep products are subject to severe price fluctuations, it is recommended that new men in this business enter production with the idea of continuing for a period of years. Buying when high and closing out when low has never been profitable and this common tendency should be avoided.

The practice of fattening feeder lambs in the irrigated valleys

where there is a surplus of leguminous roughage and grain, may be expanded.

HOGS

The National Situation

"Hog producers enter 1925 with 18 per cent fewer hogs than a year ago and every indication that prices during the next 18 months will be higher than at any time since 1920. Six to eight million fewer pigs will be born next spring than last spring. Fewer sows will farrow next fall than farrowed last fall if producers respond to the unfavorable relation of corn and hog prices as they have done in the past. Nevertheless, conditions are favorable for expanding fall farrowing. Breeding plans should be based not on present price relations but on relations that are expected to prevail when the pigs are ready for market. A further reduction in hog production is highly undesirable both from the point of view of requirements for domestic consumers and from that of long time policy of production.

"Compared to the trend in the slaughter of hogs, the pigs born during 1924 represented about a normal crop. The reduction to normal has already caused hog prices to rise to about the equivalent of the average price for the period of 1909-13, taking account of the change in the purchasing power of money. Farmers' reports of sows bred or to be bred for spring farrowing indicate that the spring crop of pigs in the Corn Belt will be about twenty-five to twenty-seven million, as compared to thirty-three million in 1924 and forty million in 1923. This will result in receipts in the fall and winter of 1925-26 much lighter than for several years.

"The present business situation indicates that during 1925 American demand will be at least as active as during 1924. The foreign outlook is for steady demand, the improved purchasing power of Germany and the gradually improving economic conditions in other countries enabling them to continue as active bidders for pork and lard. However, still higher prices will undoubtedly result in decreases in the volume of our pork and lard exports. Present supply and demand are sufficient to assure a year of prices higher than in any recent period except that of war time inflation."

The Montana Situation

While increased production in hogs may well keep pace with any expansion in corn production in Montana no increase is warranted beyond the point of feed production on the farm or ranch where the hogs are grown. Any increase in the production of fall pigs should depend upon the available feed supply and upon the equipment available for handling hogs, as the winter feeding should be done under cover. Fall pigs finished for the spring market generally meet with a very favorable demand.

Hogs are increasing in Montana, principally in those sections in which they are needed to furnish a market for surplus corn. While the western markets often pay a premium over the eastern markets for Montana producers, this does not hold true throughout the year. During the part of the year when the western movement to market reaches its peak, (November, December and January), the difference in net returns between the two markets, practically disappears, especially for growers in eastern Montana.

The Montana farmer can raise the low growing types of corn adapted to Montana and "hog-off" this corn economically. Hog and corn growing do not require labor and time to conflict with the principal cash crop, hence is a minor farm enterprise of importance where corn is grown. It is cautioned here that farmers will find it advisable to study the so-called "hog-corn cycle" to understand the changes of eastern market prices, which in turn affect the western markets.

While exact cost-of-production records are not available, it is believed that hogs are being raised on corn at remarkably low costs in eastern Montana.

DAIRY CATTLE

The National Situation

"The further expansion in dairying in 1925 seems inadvisable. A recovery in prices of dairy products could hardly be expected should the number of milk cows be further increased. In addition to the fact that domestic production appears adequate, the foreign dairy situation is such as to keep the world market prices low and thus limit the height to which our butter prices can rise without bringing in foreign butter.

"The marked expansion of dairying in the principal butter sections, shown by the increase of 4.2 per cent in the estimated number of milk cows in that area during 1924, as compared to a 2.2 per cent increase for the whole country, was largely caused by the unfavorable returns from other farm enterprises since the war. With most of this increased production diverted into butter, production of butter increased approximately eight per cent over 1923. This heavy production was reflected in the accumulation of stocks in storage which on September 1 reached a peak of 156,440,000 pounds. Under the influence of these conditions butter prices did not follow the usual upward tendency during the late summer and early fall months.

"Domestic consumption should continue heavy in 1925 as favorable industrial conditions throughout most of the year are expected, and because of the tendency toward heavier per capita consumption of milk and dairy products stimulated by advertising and educational work.

"European demand for dairy products cannot be expected to improve in the near future as it did during the past year.

"While 1924 may not have been as profitable a year for dairying generally as was 1923, those who have recently gone into the dairy business would do well not to abandon it because of a single year of higher returns from other farm enterprises. Weeding out the least efficient cows and feeding more carefully would help to meet the present situation, and still leave the farmers of the country in good position to meet the steady growth in the demand for dairy products which each year is showing."

The Montana Situation

There is nothing in the wheat or dairy situation which should induce the diversifying farmer to abandon dairying or to reduce its extent in connection with his general farm organization.

The specialized dairy industry in Montana is chiefly interested in the world outlook on dairying and the adaptation of this world outlook to local marketing problems. It is concerned, outside of local markets, in using low priced alfalfa and other home grown feeds in the making of concentrated products for shipment to outside markets. Costs are apt to be low compared to other dairying sections where feeds must be purchased.

For the diversifying farmer in Montana the question is again one of fitting dairying into his farm organization to return additional income at small additional outlay of cash or labor. His problem is not closely related to the national outlook, since he is using labor and feeds which otherwise would have little value in connection with his principal cash crop. This kind of dairying on the diversified farm has grown out of the unsettled wheat raising conditions of recent years, and should be continued as an important part of the farm organization.

HORSES AND MULES

The National Situation

"The birth rate of colts on farms of the United States has decreased rapidly in the past few years. In 1924 this downward tendency was somewhat checked. The average value of horses and mules was less on January 1, 1925, than on the same date in 1924, while the value of colts under one year was about the same for the United States as a whole. In 1924 the birth rate of colts in the middle west was only slightly less than in 1923 and colt prices were slightly higher, which indicates that farmers in this area are beginning to realize a need for younger horses to replace the older horses now in use.

"There are apparently as many horses and mules on farms as will be needed for the coming season, but the decline in colt production during the past few years points to a shortage of good work stock within the next few years. It is difficult to say when this shortage will become most acute. However, in order to prevent a shortage of good farm work stock a few years hence, it is believed that on farms where conditions are favorable to colt raising, especially where there are good mares that can be bred to good stallions or jacks, there might well be a somewhat larger number of mares bred in 1925 than in 1924.

"On January 1, 1925, the number of horses and mules on farms in the United States was 91 per cent of the number on farms in 1920.

The Montana Situation

Farmers in Montana might well turn their attention toward the breeding of good draft animals for their own use, and to the

building up of a small surplus to meet what seems the favorable market situation ahead. Only sound animals of good quality and draft size should be bred.

Light range horses in Montana are now worthless and there is little prospect that they will gain in value. Production of the small and under-sized horse on either farm or range should be discontinued. No profitable outlet can be seen for this class of horses. The state is now over-stocked with small, unsalable types.

It seems that because of a marked decrease in the breeding of draft horses, the demand for these horses is certain to become stronger in the next few years. (See note 6). Farmers should, then, breed only the best quality of horses, and those of suitable draft size.

There is little demand now for draft horses for city use.

POULTRY

The National Situation

"The outlook for the poultry industry during 1925 from the standpoint of market egg prices is favorable, while from the standpoint of immediate market poultry prices it is not as encouraging. It seems probable that higher egg prices will prevail during the season of flush production this year than last."

The Montana Situation

There is but little specialized poultry keeping in Montana. There is nothing in the national or world outlook which should change the Montana plan of adding poultry to the farm diversification scheme.

Montana turkeys, when properly fattened, have a distinct reputation on the eastern markets. There are conditions in certain parts of Montana which favor turkey raising and for people who understand turkey growing an extension in this business would seem warranted.

Other Crop and Livestock Production

It is not possible in this bulletin to outline the World or Montana situation in reference to a number of minor lines of production in crops and live stock. Most of these minor lines of

Note 6—A farm management study recently made in Indiana showed that in one community the age of all draft horses averaged 15 years.

Printed Information Available

Farmers who are interested in studying the problem of agricultural economics in a general way can obtain a valuable booklet by writing to their senator or congressman. This booklet is called "Practical Farm Economics," and is Miscellaneous Circular No. 32 of the United States Department of Agriculture.

A government publication called "Weather, Crops and Markets," is issued regularly by the United States Department of Agriculture. Farmers will receive this publication free if they make application to the department at Washington.

A number of books and bulletins dealing with general subjects of farm economics may be consulted in the office of your county agricultural agent.

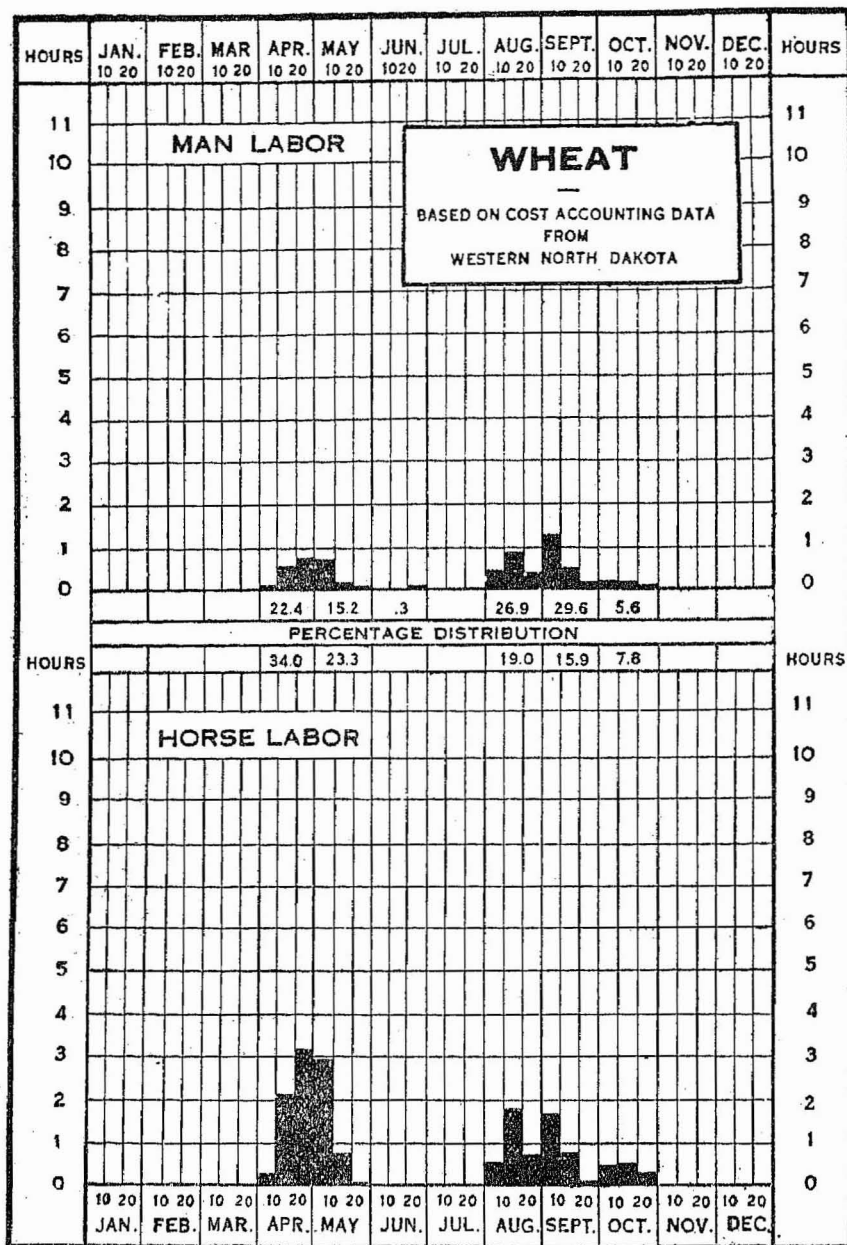
production in Montana are important toward the general plan of farm organization but are not greatly affected by outside conditions. It is suggested that county agents can give information on these other lines of production.

Farm Organization

Throughout the text of this bulletin a number of references have been made to "farm organization" and the references indicate that organization is now one of the important phases in successful farming. It is desired here to emphasize the importance of this "farm organization."

For many years attention in agriculture was given mainly to quantity production. Later came the knowledge that marketing was as important as production, and more lately that high production and careful marketing will not alone bring success unless the farming business is built upon some organized plan. The most successful plan of farm organization is where the time, labor and equipment of the farmer can be utilized throughout the year with the highest possible total net returns.

Wheat is the principal cash crop on most Montana farms, but many other lines of production can be fitted into the wheat farm without taking much extra cash outlay, time or equipment, and without materially affecting the total wheat acreage. A reference to the accompanying chart shows that wheat raising



consumes man and horse labor (and hence machinery) only at certain times of the year. The specialized wheat grower has no way to employ his time, horses and machinery during these "blank" periods unless he takes up other farm enterprises, and this adding of other lines of production is what is commonly called "diversification."

The General World Situation

Domestic Demand

"General business prosperity during the first half of this year will maintain the domestic demand for the 1924 farm products yet to be marketed and should stimulate the demand for the better grades of certain foods; but the domestic demand for the 1925 crops, from present indications, will be no better than the present demand, if as good.

"In addition to improvement in general business due to agriculture, there has been a marked increase in industrial wage earnings as a result of the increase in employment in basic industries, particularly in woolen fabrics, pig iron and steel production. Building activity remains at a high level. Present easy credit induces further business expansion. The general price tend has been upward since June, 1924, and is now at the level it reached during the period of active business in the spring of 1923. The unusual activity of the stock exchanges since last November indicates further general business prosperity, at least during the first half of this year. Therefore sustained urban demand may be expected for the portion of the 1924 farm products yet to be marketed. Active business with full employment of wage earners at good wages, such as is indicated by the present outlook, will stimulate particularly the demand for certain products such as cotton, wool, the better grades of fruits and vegetables, eggs, dairy and meat products.

"Although the factors influencing the demand for the current crop are favorable they do not necessarily indicate the conditions under which the 1925-26 crops will be marketed. It is not assured that the industrial improvement of the first half of 1925 will continue into 1926 at the same high level. Should an over-stimula-

tion of business and over-production of manufactured goods occur in the next few months, there may be expected to follow a reduction in business activity, and, therefore, slackened demand for some of the 1925 farm products.

"In the wheat belt, for example, farmers should not expect a repetition of the unusual situation of 1924—a very good crop in this country and a short crop for the rest of the world.

Foreign Demand

"The foreign market for most of the products of the American farmer promises to be at least as good as it has been the past year.

"The European economic situation is distinctly brighter than it was a year ago. In the great industrial centers of Western Europe more confidence is apparent and production has been resumed on a larger scale.

"Economic improvement is most marked in Germany, where the stabilization of the currency in December 1923 followed by the acceptance of the Dawes plan appears to have improved credit and revived industry. Unemployment has been greatly reduced and real wages have increased nearly to the 1913 level. If this favorable situation continues, Germany should be a good market for American farm products during the next few months.

"The United Kingdom is still suffering from depression in several of its key industries, notably ship-building and coal mining. About one million workmen in all industries are still listed as unemployed. The United States Kingdom is the most dependable market for American farm products, and in spite of all efforts to favor the Dominions, it is likely to take American pork products, cotton, tobacco and many other agricultural commodities in approximately the same quantities as in the past. The takings of wheat and flour, however, will depend somewhat upon the size of the Canadian crop.

"France and Italy show continued economic improvement.

"In general the present tendency in Europe is toward increased purchasing power in the great industrial centers together with increased production of agricultural products. To a large extent the heavy purchases of agricultural products in the United States by European countries since the war have been due to

decreased domestic production of these products. Each year since the war, however, has marked some progress in returning to pre-war production in the countries of central and western Europe. This increase in production which is encouraged by the government of these countries tends to make them more self-sufficient and to diminish the need for our farm products.

"Of non-European markets, the Orient is taking much less wheat and flour this year than last and is not likely to repeat last year's large imports of American flour unless there is a failure in the 1925 crop in Manchuria and North China. Japan is importing more cotton, but less wheat and rice than last year.

"There is no reason to expect any less competition from Argentina, Australia and Canada than in the past year. High prices for the present wheat crop in Argentina and Australia will certainly stimulate the seeding for the crop of next season in those countries. In Canada the competition will depend upon yields which may be expected to be higher than in 1924. Competition in meat and dairy products promises to be as keen if not keener than last year."

Agricultural Credit

"From present indications ample credit for farming purposes will be available in most regions on more favorable terms. Credit needed should be arranged for early in the season. Additional credit for production purposes, however, should not be used unless there is fair prospect of increasing thereby the net farm income, or unless essential to bring about sound diversification."

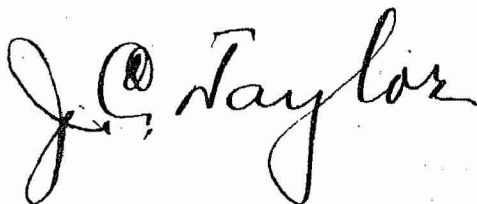
Farm Labor and Equipment

"The present tendency toward increased employment in industry, road building and construction work points to a stronger competition for farm labor during the Spring and Summer of 1925 than prevailed during 1924. Somewhat higher wages will probably be paid farm labor as a result. From present indications little change in farm equipment and upkeep costs for the country as a whole are to be expected."

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A handwritten signature in cursive script, reading "J. C. Taylor". The signature is written in dark ink and is positioned centrally within the rectangular box.

Assistant Director

"Ask Your County Agent"