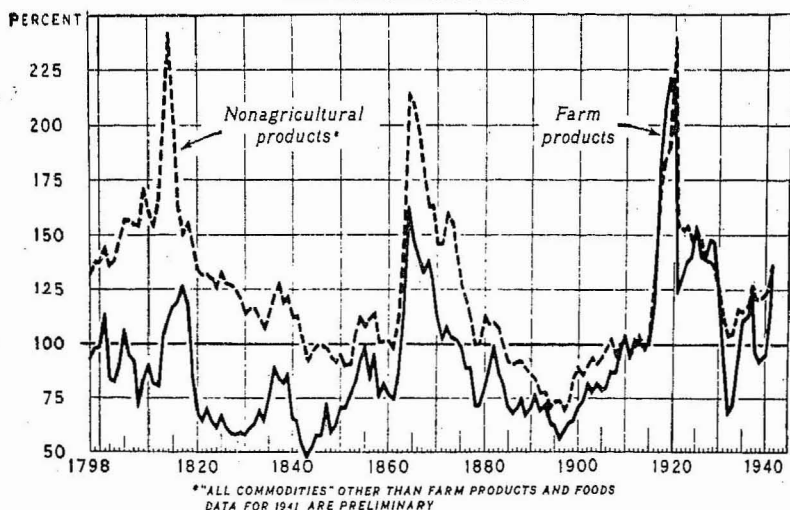


The Montana Agricultural Outlook For 1942

WHOLESALE PRICES OF FARM AND NONAGRICULTURAL
PRODUCTS, UNITED STATES, 1798-1941,
INDEX NUMBERS (1910-14=100)



Prepared by
The College of Agriculture
Agricultural Experiment Station and
Agricultural Extension Service,
Montana State College, Bozeman

Montana Extension Service in Agriculture and Home Economics, J. C. Taylor director.

Montana State College and United States Department of Agriculture cooperating.

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General Business Conditions

The United States is again enjoying prosperity, but unfortunately it is another period of prosperity based on war activity somewhat similar to that of 1916-20. Volume of industrial production is the greatest in the history of the country; incomes of industrial workers are the highest on record; and defense outlays are expected to send the national income in 1942 to 100 billion dollars.

The Japanese attack on the United States should serve to unite citizens for national defense and will cause an acceleration of governmental disbursements for the armament program. Through the first 18 months of war effort, the managers of the defense program have been able to spend only 15 billion of the 75 billion dollars authorized for defense purposes. Defense expenditures, which are increasing monthly, were 1,527 million dollars in October 1941, compared with 287 million dollars a year earlier. It is estimated that during 1942 defense expenditures will reach 34 billion, and may exceed 50 billion dollars. The nation's armament program may be expanded from 75 billion to 150 billion dollars, and attempts will be made to spend this amount during 1942 and 1943. The magnitude of defense expenditures that may be made in 1943 may be comprehended when it is realized that the outlay may exceed the 1933 national income of 42 billion dollars.

Industrial output during the war will depend largely upon the level of production which can be attained in view of limitations imposed by supplies of raw materials and labor. A relatively free interplay of economic forces and the policy of "business as usual" will be replaced during 1942 by a policy of centralized control of industrial and agricultural production for all-out defense. Politically powerful segments of society will be less influential than they have been in affecting foreign and domestic policies in their own interests. Production of defense and non-defense goods, prices, consumption, exports and imports will be influenced or definitely controlled by the government with the objective of winning the war. International trade in raw materials, such as wool, livestock,

Data on national agriculture were obtained from publications of the Bureau of Agricultural Economics, United States Department of Agriculture. Montana production and price data were supplied by the Agricultural Marketing Service, Helena.

rubber, sugar, cotton, and wheat will be affected more by international political expediency than by Congressional blocs.

Because of the necessary diversion of skilled labor and strategic materials into the making of war weapons and equipment, the output of many civilian goods will be reduced or terminated. Production of automobiles and mechanical refrigerators will be reduced at least 50 per cent. Plumbing fixtures and structural steel will become scarce, and production of many other consumer goods will be curtailed. Simultaneously, the United States government is selling large volumes of bonds to banks and other investors, and the billions of dollars realized by this means are finding their way into circulation. Five million civilian workers who were unemployed before 1941 are now at work and wages are increasing; farmers' incomes are rising; so are dividends and profits. After years of just getting along, a sudden increase in family incomes usually is spent immediately for long postponed replacements of clothes, furniture, radios, and automobiles. City people, especially, will have more money for food in 1942. Probably only a small portion of the new income will be used for payment of debts.

The danger of an undesirable rise in the prices of goods is serious. Wholesale prices have increased 21 per cent and the cost of living about 13 per cent since the Lend-Lease program started. In October 1941, the index of wholesale prices of all commodities was 134 compared with 118 in January and with 139 in the boom year of 1929. The index of prices received by farmers increased from 99 in October 1940 to 139 a year later. The average of farm prices for 1941 will be about 25 per cent above that for 1940, and a gain at least as large is indicated for 1942 over 1941.

How high will prices go? The answer to this question, like that to many economic questions in recent years, depends largely on government policy which is difficult to forecast. Changes in wholesale prices in this country during and following the three major wars are indicated in the figure on the cover. In each instance prices rose sharply during the war period and declined drastically in post-war years. Unless some preventive measures are taken immediately, it seems likely that industry and agriculture will again be faced with depression and low prices at the close of the present war.

During World War I, the government attempted to halt price rises by the use of various control methods. Controls have been applied earlier in this war and the index of wholesale prices of

all commodities has not risen as high as it did during a comparable period of the last war. Then, metals and chemicals made the largest increases; whereas now, the principal increases in prices have occurred in foods and farm products.

The existing price situation results in general from the following governmental policies: (1) large governmental expenditures for armament and lend-lease; (2) sales of billions of dollars of bonds to banks; (3) reduction in the volume of consumer goods; (4) support under prices of cotton, corn, wheat, and some manufactured products; (5) price raising methods for meats, vegetables, fruits, eggs, and dairy products; and (6) encouragement of higher wages for organized labor. Each of these policies is operating to cause a rise or inflation of the general price level.

INFLATION

Inflation is the result of simultaneously increased purchasing power and reduced output of consumption goods. When prices are rising, a dollar will buy fewer goods than before the price rise occurred. A test of how far inflation has progressed is to determine what decrease there has been in the amount of goods a dollar will purchase. In a sense, everyone is in competition with everyone else for the limited amount of consumers' goods, such as food, clothing, automobiles, radios, houses, and furniture. Who gets these goods is determined, not by ration cards as is done in some countries, but by who can and will pay the demanded prices—in much the same way that goods at auction go to the highest bidder.

How will inflation affect you? Today the money in your pocket, your bank account, and such bonds as you may own will buy less goods than a year ago. In contrast, real and personal property such as land, buildings, jewelry, and furniture are becoming more valuable in terms of dollars. Investors will prefer stocks to bonds, and idle balances of cash in the bank will be converted into tangible goods. During rising prices the debtor is advantaged at the expense of his creditor, and repayment involves the return of less purchasing power than originally borrowed. Persons with fixed money incomes will suffer a lower standard of living and the real value of insurance policies will be reduced.

CONTROLS OF INFLATION

Various governmental controls have operated effectively to regulate prices in most countries engaged in this war and methods

could be used successfully in this country if the people and the administration want to avoid inflation and an ensuing deflation. A combination of the following methods appears most likely to provide adequate control of inflationary tendencies:

- (1) Fix prices by price control legislation. This method has been discussed in Congress for several months and appears more likely of passage since the attack on Pearl Harbor. Already the government has set price ceilings on wool and some metals and chemicals.
- (2) Reduce governmental, emergency expenditures in an attempt to decrease the quantity of money in circulation.
- (3) Employ taxes such as sales and social security, that are paid from individual incomes. Such taxes tend to reduce the amount of money individuals have available for purchase of consumer goods and to lessen the amount of bonds the government must sell to finance the war.
- (4) Provide that as large a portion as possible of these bonds be purchased by individual citizens and paid for out of income and savings.
- (5) Minimize the volume of bonds sold and then used as security for expansion of credit money insofar as is consistent with financing the war.
- (6) Stiffen banking credit policy, especially with respect to installment buying and loans for purchases of consumer goods. Banking credit policies could aim to keep consumer purchases on a "pay as you go" basis and to minimize the increase in volume of credit money.
- (7) Maintain production of consumer goods at the maximum consistent with defense needs to win the war. Governmentally held stocks of important agricultural commodities might be sold during 1942 to provide adequate supplies and to prevent prices from rising unduly.
- (8) Ration raw materials, capital, and labor to various uses and regulate the quantities of goods produced and the prices at which they can be bought and sold. This is all-out control for winning a modern war, and is likely to be used in the United States before this second World War is won, because it probably is the most successful single method of controlling production and prices.

Wild inflation, with prices increasing to many times normal levels, now appears unlikely in the United States. No effective control of prices, however, can be achieved unless prices of agricultural products and wages of organized labor are controlled. Because of existing governmental policies affecting prices, and because a rising price level is favorable for financing a war, it appears that if the struggle continues this year, the general price level will continue to rise during 1942. The rise is likely to be less, however, than it would have been had the United States not actively entered the war.

Although governmental experts and civilians are now working on plans to prevent a depression when peace comes, the best chance for avoiding a repetition of the evils and hardships encountered during the past depression is to prevent a rise in the general price level. Adequate legislation, backed by public support for all-out defense, can avoid inflation in the United States.

Farm Income And Family Living

Cash farm income from marketings and government payments in the United States was 9,186 million dollars in the first ten months of 1941, and income for the year will be about 11 billion dollars, compared with 9 billion dollars in 1940. The estimated income for 1942 is 13 billion dollars. Government payments in 1941 accounted for about five per cent of the total cash farm income. This income, including government payments, for Montana will be between 120 and 130 million dollars for 1941. It will be about 140 million for 1942, the increase coming principally from higher prices and increased marketings of livestock and livestock products.

Despite higher cash incomes in 1942, some Montana farm families will find that they can purchase fewer goods and services than they could in 1941. Higher prices for farm equipment, repairs, and consumer goods, as well as higher taxes, wages, and rent are in prospect. Therefore, it is desirable that farm families plan their farm operation and family living budgets immediately and carefully.

Shall I buy now? Pertinent advice seems to be to buy now or in the near future only those commodities which are and will be essential to farm operation and family living during 1942. Purchases which are not absolutely necessary should not be made now or at any time during the war. This is essential both for promoting the war effort by making individual sacrifices and for preventing extreme inflation. Ordinarily, on a rising price level,

it is advisable to avoid going heavily into debt, even for purchases of farm machinery and equipment. Frequently such debts are repaid after a sharp decline occurs in prices farmers receive for their products.

What can the Montana farm family do in 1942 to prepare for the war and post-war periods?

GENERAL

- (1) Plan to save a part of the farm income during 1942, using it either to reduce debts, or to purchase defense bonds. A dollar is likely to buy more goods after the war than during the war.
- (2) Do not go into debt to buy relatively high priced land in 1942, since those who do may live on a lower level during the boom period because of payments for principal and interest, and may lose the land and suffer a lower level of living during the post-war period. If long-time borrowing must be done, select a creditor agency which is likely to be considerate of farmers and their financial position when it determines its repayment policy.

FARM

- (1) Repair old machinery and equipment where practicable and prepare to do without new equipment which is not absolutely essential. Repair machinery and equipment now. Do not wait until next spring to purchase repair parts.
- (2) Take better care of machinery and equipment to make it last longer with fewer repairs. Check on farm operations and practices to reduce waste of all kinds.
- (3) Save hand labor wherever possible, since farm labor is going to be extremely scarce and wages will be high. This can be done by substituting more careful management and greater use of machinery and equipment already available. Cooperative use of machinery should be increased.
- (4) Do not expand the farm building program beyond absolute essentials. Materials and labor will be scarce and costly.

HOME

- (1) Purchase less goods. Buy necessities more wisely and in quantity lots when savings can be made. This war is an all-out struggle for survival and needless purchases made now may be regretted later.
- (2) Plan now to produce on the farm, without labor sacrifice, more fruits, vegetables, meats, poultry and dairy products for family use. Farm families have an advantage over city dwellers because most farms can produce much of the food for the family, thus avoiding larger cash outlays for food. Housewives on the farm can decrease living expenses and raise living standards by employing better methods for storing, canning, and preserving.
- (3) Study nutritional standards and plan the family diet to improve and safeguard health¹. More careful and better storing, canning, and preserving of home-grown foods and improved table preparation of the foods eaten can provide a more healthful diet without need for purchasing more foods or spending more money for food².
- (4) Practice more effective repairing of worn clothing, utensils, kitchen equipment, and household furniture.
- (5) Do not plan on building a home in 1942, unless it can be paid for largely in cash. Even then, certain types of hardware, plumbing, and fixtures may be unobtainable.

Population Shifts In Montana

Shifts and adjustments in Montana's population will affect certain agricultural problems in the State. During the decade 1930 to 1940 several shifts took place. The total population increased from 537,606 to 559,459, or about 4.1 per cent, in contrast with the period from 1920 to 1930, when Montana was the only state with a net loss in population. The increase in population in Montana

¹"Wall Chart, A Guide to Vitamins and Minerals in the Family Meals," Mont. Agr. Exp. Sta. Cir. 165.

²"Safe Canning by Home Methods," Mont. Agr. Ext. Ser. Bul. 193. These bulletins are available in your County Extension Office.

during 1930-40, however, was less than the net increase of births over deaths, indicating that migration out of the State occurred during this decade. The migration out of the State during the past 20 years was the result of too rapid settlement of parts of central and eastern Montana. Losses are still taking place as evidenced by the fact that 31 counties had a net decrease in population during the last 10 years. A continued decline in population may be expected in most of these counties unless radical changes are introduced in agricultural technique, in governmental policies, or unless an increased demand for wheat develops.

The greatest percentage increase was found in the cities and towns with a population of 2,500 or more. The population residing in smaller towns or in the country, but not occupied in agriculture, also increased, whereas the farm population decreased. In 1930, 38 of every 100 Montanans lived on farms, but in 1940 this number had decreased to 31.

The average age of the population is increasing. Although the total population increased, the number of persons under 20 years of age actually decreased. The greatest increase was in the age groups of 50 years or over. The settlers who arrived just prior to World War I are now in the older age groups. Their children are now in the child-bearing ages and a slight increase in the birth rate has taken place during the past five years. This may be expected to continue during the next few years.

The sex ratio is becoming more balanced. In 1930 there were 120 males for every 100 females in Montana. In 1940 this ratio was 115 to 100. This indicates that Montana is moving out of the frontier stage which brought many single males to the State. In the future, this ratio will approach a 100 to 100 balance. Among the farm population, however, the trend is in the opposite direction. There the ratio has increased from 131 to 135 males per 100 females. Young girls, in increasing numbers, are moving to the cities.

Information on shifts in population is based on the early releases of the 1940 census report. Since that time various sections of the country have experienced great population movements toward industrial areas where defense work is in progress. To what extent Montana will experience such a migration depends in part on the amount of defense work carried on in the State. If Montana does not share in the industrial activities of the nation, many young people will be attracted to other states where such work is carried on.

Wheat

A national carry-over of 650 million bushels of wheat is expected on July 1, 1942, compared with a carry-over of little more than one-half that, or 387 million bushels, on July 1 last year. Thus the United States can supply virtually all of its domestic needs (670 million bushels) for one year without producing any additional wheat. Production will not be curtailed thus drastically, since some surplus is desirable, but the prospective large carry-over explains in part the reduced acreage and production goals for 1942.

United States exports of wheat have dwindled from 116 million bushels in 1939 to 40 million bushels in 1941 with no increase likely this year. In this same period, Canada and Argentina maintained their exports at 200 million and 130 million bushels, respectively. Great Britain, chief importer of wheat, has continued importing from Canada and Argentina, preferring to obtain war materials and other foods from the United States, primarily because she cannot obtain these supplies from any other source. Lend-Lease shipments of wheat are not likely to be large in 1942. Canada's surplus of 570 million bushels is available for export. Consumption in the United States is not likely to increase in the near future. These factors all point toward continuation of a curtailed market for wheat in 1942.

Montana's goal has been cut from 3,767,254 acres in 1941 to 3,346,843 acres in 1942—an 11 per cent decrease. The national acreage allotment has been cut 17 per cent. Despite this gloomy outlook for wheat producers in the United States, prices may rise in 1942, because of a rise in the general price level. Rises in the price of wheat, however, will be the result of governmental action rather than of increased demand, and are likely to lag behind rising prices of other commodities. The federal government may release some of its wheat under loan, and thus tend to restrain price rises.

United States producers are continuing to grow wheat in excess of present or probable future consumption in this country. This has resulted in carry-overs which have increased in size year after year. The federal government may continue to hold the price of wheat above competitive levels, but if production continues to be far in excess of consumption and exports, this policy may have to be abandoned because of an excessive tax burden.

Feeds

Livestock feed-price ratios during 1941 in the United States were extremely favorable for livestock feeding and are expected to continue favorable during 1942. Increased demand for livestock products has caused livestock prices in general to advance faster during 1941 than have prices of feed. Certain sections of Montana may be situated somewhat less favorably than other sections of the country because prices of some feeds have advanced considerably during 1941. Feed-price ratios, however, probably will encourage livestock feeding in 1942.

Feed conditions throughout the nation are excellent except in certain of the eastern states. In general, there will be sufficient supplies for heavy feeding in 1942, although the number of grain-consuming animal units in the United States is expected to be 140 million on January 1, 1942, compared with 133 million a year ago.

Feed grain supplies are sufficient in most parts of Montana to permit heavy feeding in 1942, even with increased livestock numbers in the State. The production of feed grains, corn, oats, barley, and rye, in Montana was 20,514,000 bushels in 1941, compared with 16,622,000 bushels a year earlier and with the 10-year average of 10,364,000 bushels. An apparent shortage of oats has increased the demand for barley.

The area devoted to hay production in the United States has increased about six million acres in the past seven years, with 75 million acres harvested in 1942. On October 1, 1941 national hay supplies for 1941-42 were estimated to be 110 million tons—the largest supplies on record. Hay production in Montana was estimated on October 1, 1941, at 2,403,000 tons, compared with 2,339,000 tons a year earlier, and with the 1930-39 average of 2,141,000 tons. This does not provide a large reserve. Both hay and grain of good quality are scarce in some sections of the State where late fall rains delayed harvest.

Range conditions in Montana continued favorable through November with grass and water supplies relatively abundant in all parts of the State. Moisture conditions during the fall and early winter were favorable for the 1942 spring grass crop. Some ranges are in danger of being overstocked, and the history of the Montana plains indicates that livestock producers should always be prepared for dry years when feed supplies will be short. Research workers on range problems have developed considerable evidence to indicate that moderate stocking will bring larger immediate and long-time output from the range than will overgrazing.

Beef Cattle

Cattle numbers in the United States have increased steadily since 1938. Despite a sharp increase in slaughter this year, numbers at the beginning of 1942 will be larger than a year earlier, approaching closely the 1934 all-time record. During the past few months supplies of fed-cattle have been unusually heavy. Receipts of slaughter steers during July, August, and September were 13 per cent larger than in the same months of 1940. The peak of these supplies seems to have passed and the prospects are for a smaller number of cattle to be fed this winter and next spring than a year ago. Shipments of stocker and feeder cattle from the Western States have decreased materially this season, although the November-December rate shows some increase.

The trend of prices for cattle is expected to be upward in the first half of 1942 in response to decreased marketings which are likely to result from the relatively small numbers of cattle that entered feedlots from July to October 1941. Increased consumers' incomes available for the purchase of food, and the effects of the Lend-Lease program will be other factors tending to raise cattle prices.

The national defense goal for cattle and calf slaughter, set at 28 million head, will be achieved only by the inclusion of relatively large numbers of lower grade or under-finished cattle. The total slaughter during the current year will be approximately 25 million. The 1942 goal will be achieved without undue sacrifice of breeding stocks only because cattle numbers are approaching the all-time high. The United States Department of Agriculture estimates that the number of cattle in the United States on January 1, 1942 will be 74 million—an increase of 2½ million during 1941.

During 1940, beef cattle numbers in Montana passed the million mark—reaching a total of 1,103,000 on January 1, 1941. Since 1938, numbers have been increasing steadily. To achieve Montana's goal of an 18 per cent increase in slaughter will require more feeding than seems to be in prospect and some shipments of foundation stock which ordinarily would be kept for breeding purposes.

Fewer cattle than usual have been shipped from Montana to the feeder states. During the fall of 1941, Montana ranges were in the best condition of any year since 1927 and feed supplies were relatively plentiful. In many places the quality of hay and grain was poor, but supplies were abundant. According to present indications, more range cattle than usual will move out of the

State in slaughter condition during 1942. This movement from all the range states will compensate in some measure for the expected decrease early in 1942 of mid-west, corn-fed cattle. The Food-for-Defense program has encouraged many Montana operators to increase the numbers of breeding stock beyond the capacity of their ranges in dry years. This may have serious implications for the future, especially if a drought should coincide with a post-war let-down in industrial activity. No further increase should be made in 1942 in the total number of beef cattle in Montana.

Sheep and Lambs

The outlook for sheep and lambs in 1942 is favorable. Marked improvement in domestic demand conditions was reflected in substantially higher prices for lambs in the summer of 1941 than a year earlier. Further increase in consumer incomes and in the demand for meats, together with a higher level of wool prices, are in prospect for 1942. Lamb prices probably will average higher this year than in 1941.

Total marketings of sheep and lambs during 1942 will depend chiefly upon the number of lambs from the 1941 crop remaining in feed lots at the end of 1941 and upon the size of the 1942 crop. The 1941 lamb crop totaled 34.5 million head. This was five per cent more than the 1940 crop and was the largest in the 18 years of record. In 1941 the inspected slaughter of sheep and lambs was about five per cent larger than a year earlier, indicating no unusually large carry-over of lambs into 1942. Present indications point to a continuation in 1942 of the moderate upward trend in the number of breeding ewes in the country.

Breeding ewes sold at prices fully one dollar higher during the fall of 1941 than a year earlier. With numbers of range livestock increasing in the Western States, including Montana, two special hazards threaten the Montana sheepman. One is that the record breaking production of wool and lambs in the United States may lead to very low prices if demand declines following cessation of hostilities. The other is the possibility of forced liquidation of breeding ewes on a buyers' market should unfavorable range conditions become prevalent in the Western States.

Hogs

More hogs are likely to be marketed in the United States in 1942 than in any of the past 15 years. The outlook for hog producers in 1942, nevertheless, is favorable. Increased domestic demand for meat, together with continued large purchases of pork and lard under the Food-for-Defense program, will more than offset the prospective increases in slaughter supplies. Price increases are expected during the first six months of 1942, but later in the year the increasing pressure of hog supplies is likely to cause prices to stabilize. The full impact of increased farrowing will begin to affect the slaughter market by the middle of 1942.

Prospects are favorable for the achievement of the 1942 national defense goal in hog output—slaughter of 79.3 million hogs, which is an increase of 8.3 million over 1941 slaughter.

Feed-hog ratios in most parts of the United States have been relatively favorable for increased pork production. Animals have been fed to heavier weights, since this is the best method of securing immediate increases in production of pork.

Greater than usual withdrawal of pork from storage occurred in the early fall, leaving stocks of stored pork about equal to those of the preceding year. In November 1941, storage supplies of lard were depleted approximately 20 per cent below those of the preceding November. Exports to Britain during the coming year are expected to be equivalent to 12 million hogs, approximately 15 per cent of the total slaughter supplies likely to be available. This will reduce slightly the amount available for domestic consumption, despite the increase in hog numbers.

Favorable feed conditions in Montana are likely to encourage a substantial increase in the hog population. Coarse grain production in 1941 increased by approximately four million bushels (25 per cent) over that for 1940. Hog numbers in Montana decreased from 144,000 in January 1940 to 140,000 in January 1941, but a substantial increase is expected by January 1, 1942. Such expansion seems to be justified as a long-time program for livestock in this State.

Wool

Ranch prices for grease wools during October and November were from five to ten cents higher than the 1940 average of 28 cents. These prices, the highest in more than a decade, are chiefly the result of the marked increase in the quantity of wool used by manufacturers. Mill consumption of wool has been at record levels in recent months.

A large part of the increase in the manufacture of wool has resulted from large purchases of wool goods for military use, but manufacture for civilian use also has been at a high rate. With the United States at war, military requirements will increase and with expanded civilian buying power, demand for wool in 1942 is expected to exceed demand in 1941.

On December 8, 1941, it was announced by the Office of Price Administration that a ceiling would be established for prices of raw wool at approximately the levels that prevailed during the week ending December 6. This probably means that if this ceiling can be maintained, wool prices will not be permitted to advance faster than the general price level. Since both a strong demand situation and restricted imports will tend to force prices upward, it seems likely that Montana wool growers can expect wool prices at least to equal the highest price that prevailed during 1941.

Stocks of apparel wool held in the United States on September 27, 1941, totaling 377 million pounds grease basis, were larger than in most recent years, but they were not unusually large in relation to the current rate of mill consumption. Since no additional supplies of domestic wool will be available for mill use before June, 1942, wool from the southern hemisphere will be in great demand.

Early indications are that wool production in Argentina and Uruguay in the 1941-42 season will not differ greatly from that of last season, but the carry-over of wool into the new season in these two countries was much smaller than in 1940, and total supplies available for export in 1941-42 will be smaller than they were last season. Supplies of wool available in Australia and the Union of South Africa in the 1941-42 season will be relatively large. Shortage of shipping facilities and increased risk coincident with the war, however, will make supplies from these sources less available in 1942.

Dairy Products

Milk production in the United States in 1942 will be the largest on record with an established goal of 125 billion pounds, compared with an annual average production of 107 billion pounds for the period 1936-40. This is a 12½ per cent increase over production in 1940 and is to be obtained from larger production per cow and from more cows. Increases in numbers of dairy cows are expected to continue for another year or two.

The volume of dairy products manufactured in the United States in 1942 probably will be larger than ever before with the following increases over 1941 production set as national goals: cheese, 33 per cent; evaporated and condensed milk, 30 per cent; and powdered whole and skim milk, 80 per cent. Butter production is expected to be about the same in 1942 as in 1941. United States storage stocks of butter (186 million pounds) were very large on November 1, 1941, being 56 million pounds above the 1935-39 average. Cheese stocks, the largest on record for November 1, were 189 million pounds. Exports of dairy products, on a milk equivalent basis, are expected to be 5.4 billion pounds in 1942—eight times larger than exports in 1940.

Prices of dairy products probably will average higher in 1942 than in 1941, but the increase over 1941 prices will not be as great as the increase of 1941 prices over those of 1940. Although butter prices continue relatively low compared with prices for cheese and evaporated milk, it appears likely that prices for butterfat will average higher in 1942 than in 1941.

The goal for milk production in Montana is seven per cent above the 1940 production. Improved management of dairy herds is expected to provide most of this increased production for 1942 without causing an over expansion in numbers of dairy cows in the State. Increased industrial and military activity and larger payrolls in cities on the Pacific Coast are expected to provide an especially strong market for Montana butterfat during the war emergency.

Poultry and Eggs

Production of poultry products is responding rapidly to favorable prices, and output in the United States in 1942 is expected to be the largest on record. The basis for a material increase in egg production in 1942 is the 14 per cent increase in number of

chickens raised on farms in 1941. Although feed prices during the 1941-42 crop year probably will be maintained at or above the September 1941 levels, the feed-egg ratio for the period as a whole is expected to be more favorable for producers than the 10-year average feed-egg ratio. The resulting United States cash farm income from poultry products in 1942 will be materially larger than in 1941, and probably the largest on record.

The average price for eggs in Montana on November 15, 1941, was 36 cents per dozen compared with 29 cents a year earlier. Increased consumer purchasing power and large purchases of eggs for the Lend-Lease program by the federal government caused the price increase. A strong market is anticipated for Montana eggs in 1942. The indicated defense goal increase of six per cent in egg production in the State should come from better management of flocks and better care in handling eggs, rather than from any large increase in the physical plant.

A turkey goal for national defense has not been established for 1942. Turkey raising was more profitable during 1941 than for several years and with continued favorable prices in prospect, a material increase in turkey production is expected for 1942.

Other Farm Products

Flaxseed A flaxseed crop of 1,050,000 bushels in Montana indicated on October 1, 1941 is above the 1940 production of 990,000 bushels and more than double the 10-year average of 416,000 bushels. Domestic demand for fats and oils is the strongest in more than 20 years. With rising national income, demand is expected to improve further in 1942. The average price received by farmers for flaxseed in mid-November, \$1.60 per bushel, was 15 per cent higher than a year earlier. Prices are expected to continue at favorable levels. Flaxseed plantings in the United States are likely to increase in 1942.

Potatoes Production of potatoes in Montana was estimated on October 1, 1941 at 1,840,000 bushels, which is below the 1940 harvest of 2,040,000, but above the 10-year average of 1,744,000 bushels. Smaller plantings account for the decrease from the 1940 crop. In many areas of Montana, where prices for potatoes averaged 90 cents per hundred pounds in 1940, they averaged about \$1.50 in 1941. During 1942, prices are expected to continue above 1941 levels, and a larger crop should sell at profitable prices.

The national late potato crop is estimated at 294 million bushels, and is about 19 million bushels below the 1940 production. The 1942 national defense goal for early and late potatoes is set at 3,060,000 acres, five per cent above the 1941 acreage.

Dry Edible Beans Production of dry edible beans in Montana was estimated on November 1, 1941 at 265,000 bags, which is 5,000 bags below the 1940 production, but above the 10-year average of 249,000 bags. The yield per acre in 1941 was slightly below that of a year earlier. The national crop was 17,543,000 bags, almost 1.5 million bags above the record 1940 crop. The tentative national acreage goal for 1942 is about the same as the 2,131,000 acres planted in 1941, but may be increased if carry-over stocks continue to be absorbed by increasing demand. Producers may expect a generally higher level of prices than has prevailed in recent years for both the 1941 and 1942 crops.

Mustard Seed Mustard seed production in Montana in 1941 reached an all time high of 55,000,000 pounds—almost 400 per cent above the 1940 crop of 11,280,000 pounds, and about 50 per cent larger than annual domestic consumption in the United States. The largest crop prior to 1941 was 15,180,000 pounds in 1938. Montana produced about 75 per cent of all the mustard seed grown in the United States in 1941. With surpluses increasing, a further expansion of acreage in 1942 appears undesirable.

Sugar Beets In line with the reduction called for by the 1941 A. A. A. program, Montana's 1941 sugar beet crop, indicated at 851,000 tons, is down sharply from the 1940 record crop of 1,166,000 tons. The 1941 crop, however, was larger than the 1930-39 average production of 751,000 tons. The average yield per acre of 13.3 tons also is smaller than last year's yield of 14.0 tons, but larger than the 10-year average of 12.2 tons. The national sugar beet crop is estimated at 10,130,000 tons, or about 17 per cent less than in 1940, largely because of a sharp reduction in acreage.

It is likely that large increases in sugar imports from South America will be part of the United States good neighbor policy in 1942—with suspension of import quotas a possibility. Larger imports from Cuba also are in prospect. Part of these increases, however, may be offset by decreases in imports from the Philippine Islands.

Removal of domestic acreage quotas and of marketing restric-

tions in 1942 now seem a probability, but have not been announced. Domestic demand for sugar probably will continue strong through 1942, with prices maintained at favorable levels.

Dry Field Peas Production of dry field peas in Montana is estimated at 483,000 bushels in 1941, compared with 360,000 bushels in 1940, and is larger than the 10-year average of 395,000 bushels. The 1941 yield of 23 bushels per acre was well above that of 1940. National production is expected to exceed production in any past year, but increased domestic demand probably will hold prices at relatively high levels.

Fruit United States commercial apple production in 1941 is estimated at 126.1 million bushels compared with 114.4 million bushels in 1940, and with the 1934-39 average of 125.3 million bushels. Commercial apple production in Montana for 1941 is placed at 328,000 bushels—a large increase compared with the 236,000 bushels produced in 1940—but somewhat smaller than the 10-year average of 342,000 bushels.

Fruit producers may look forward to a more favorable demand in 1942 than for any of the past 10 years with increases in price more than enough to offset increased costs of production and marketing. Average prices in Montana in 1941 were almost 40 per cent above 1940 prices, and large increases are expected in 1942. The United States Department of Agriculture has recommended that every effort be made to prevent waste in fruit production and harvest in 1942. Demand conditions probably will make profitable increased care of orchards and harvested crops. The outlook is for moderate increases in fruit production in the next few years, with the exception of apples and prunes.