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FARM PRICES AND INCOME

Trends in Farm Land Values

A recent report of the Bureau of Agricultural Economics reveals that with prices of farm commodities still rising and with the prospect that such rises will continue for some time due to the support of the tight food situation, inflationary pressures operating in the land market appear to have increased during the past year. A large volume of the liquid funds accumulated during the war years is going into land purchases, either as a hedge against inflation or unemployment, or in the hope of securing a speculative profit.

Farm land values continued to rise in 1945 in the five Southwestern states, all or part of which are included in the Eleventh Federal Reserve District. The movement represents a continuation of the upswing in farm real estate values which began in 1940 and 1941 and is in keeping with the trend for the nation as a whole. The increase in values per acre between March 1, 1945 and March 1, 1946 varied from 8 per cent in Louisiana to 19 per cent in Oklahoma. The rate of increase of 10 per cent and 9 per cent in Texas and Arizona, respectively, during the period was not as large as that which occurred between 1944 and 1945 when the respective increases were 11 per cent and 14 per cent. In the other states of this area, however, values rose more sharply between 1945 and 1946 than during the previous year. In the five Southwestern states, lying wholly or partly within this district, land values now stand at levels varying from 58 to 86 per cent above that of 1935-1939. Values in New Mexico are now at an all-time high, averaging about 5 per cent above the previous record level in 1920. In Texas,

Louisiana, Oklahoma, and Arizona, however, values are 4 to 14 per cent below the 1920 peak.

Data on reported sales in selected counties throughout the country indicate that the number of cash farm purchases increased slightly in 1945, accounting for about 58 per cent of the recorded transfers. This figure, however, may be an overstatement of cash transactions since unrecorded sales contracts were not included. Down payments in 1945 in credit financed transfers averaged 42 per cent, or slightly higher than in 1944; but in spite of these developments, heavy debts are still being contracted on a substantial number of farms as the result of sales. The debt being placed on some land is greater than the full market value a few years ago.

According to the report, current developments do not indicate that land values have reached their peak, for if they follow past patterns, the peak will not be reached until after farm prices and incomes have leveled off or started to decline. Prudent buyers of farm lands and institutions extending credit to aid in the purchase of such lands will wish to exercise caution in making commitments as land values rise toward their peak.

New Government Price Regulations Announced

Wheat: In an effort to move more wheat into the market, the Commodity Credit Corporation announced on April 2 that it will buy all wheat offered by farmers for immediate delivery and pay the market price prevailing on any date, elected by the producer, through March 31, 1947. A producer, selling wheat under this plan, may not elect a date prior to the date on which he mails a notice

to the Commodity Credit Corporation of his election. In the absence of notification of a date selected by the seller, payment will be made at the March 31, 1947 price. If a 1947 sale date is selected, the seller may report payments as 1947 income. Local agents of the Production and Marketing Administration will secure the grain from the farmer. This program will start as soon as details of procedure are completed.

Soybeans: The Office of Price Administration has announced that maximum prices for the 1946 soybean crop will be the same as those established in 1945. The top price of U. S. Grade 2, Classes 1 and 2, will be \$2.10 for a 60-pound bushel, and for U. S. Grade 2, Classes 3, 4, and 5, \$1.90.

Eggs: A new price of \$1.02 a pound for dried eggs in barrels and \$1.03 a pound in 14-pound containers was announced by the Department of Agriculture in March, following statements by the trade that the old price was out of line with the support price for frozen eggs.

Turkeys: To aid producers in marketing their turkeys during the present feed emergency, the Department of Agriculture has set a support price of 20.5 cents per pound for live turkeys in Texas. Many farmers are sending breeding hens to market earlier than usual as a result of the feed shortage, and this factor, together with the larger than normal carryover of dressed turkeys, has depressed the market in some areas.

FARM MANAGEMENT

National Planning Association Discusses Mechanization

Forecasts of rapid farm mechanization and industrial development in the South were made before the National Planning Association, meeting in Atlanta on March 15 and 16. Dr. Frank Welch of Mississippi State College stated that cotton farms must be enlarged and the farm population sharply reduced if a program is to be followed that will assist Southern producers to meet the competition from synthetic and foreign textile goods. Dr. Welch, Dr. L. P. Gabbard of Texas A. & M. College, and Dr. George Hubert Aull of

Clemson College, Clemson, South Carolina, noted recent achievements in mechanization, and Dr. Aull pointed out that these developments would greatly reduce the costs of production.

It was recognized, however, that extensive mechanization in the South would displace a considerable number of farm families and make it necessary for them to find other employment. Attention was also called to the need of removing obstacles to displaced people entering other occupations. This might be accomplished, in part, by a more extensive vocational educational program and by the development of more southern industries. Edgar B. Stern, of New Orleans, speaking before the Association, emphasized that the basic problem is economic and predicted that "If the displaced farm families, white and black, are provided other jobs with good pay, they will demand and eventually get schools, health services, and the other public attentions they need."

The Planning Association approved the proposal to form a committee of the South, made up of 50 members and temporarily headed by E. W. Palmer of Kingsport, Tennessee, to formulate a program for a balanced economic development of the southern region. The Association has received a grant from the Julius Rosenwald Foundation of \$50,000 for this project.

West Texas Soils Studied

Dr. A. W. Young, Head of the Plant Industry Department of Texas Technological College, has reported that an analysis of soils in west Texas shows that many soils in the area are deficient in phosphorus and nitrogen and low in organic matter. Soils of this section, in general, are moderately well supplied with potassium. Dr. Young recommends the use of green manure and commercial fertilizers in the production of most crops in the area and points out the desirability of irrigation, in so far as it is practicable.

Louisiana Governor Stresses Need For Conservation

Governor James H. Davis, in an address at Baton Rouge in which he designated April as

"Wild Life Conservation Month," stressed the need for conservation of all our natural resources. Pointing out the disasters that have overtaken the people of other sections and other times when they failed to observe the fundamentals of conservation, he warned that steps must be taken to avert such a calamity for Louisiana. The Governor urged farmers and landowners to see to it that their land is properly terraced against erosion so as to protect productive topsoil from being washed away and wasted.

Damage to Range Lands Discussed

Edward E. Clark, Jr., Manager of the Farm Loan Department of the Kansas City Life Insurance Company, speaking recently before the Dallas Agricultural Club, stressed the damage to range lands in many sections of Texas resulting from over-stocking and failure to practice rotation grazing. This abuse, Mr. Clark stated, is costing farmers millions of dollars annually in lowered incomes and soil loss. The best remedy, in his opinion, for this situation would be a more extensive application of available knowledge regarding range grasses and their habits of growth.

COMMODITY NOTES

Cotton Exports Increase

Preliminary estimates made by the Government and by members of the cotton trade indicate that exports of American cotton for the year ending July 31, 1946 may reach 3.5 million bales. This would be an increase of about 1.5 million bales over exports of last season. It is expected that exports during the last six months of the season will amount to 1,825,000 bales, of which about 40 per cent will be handled through private channels, 40 per cent by the Government, and the remainder by the United Nations Relief and Rehabilitation Administration.

Total cotton stocks in the country may decline to about 7.2 million bales by July 31, compared with 11.2 millions on the same date a year ago. Government-owned stocks are expected to fall below 2 million bales this year, compared with 6.3 million in the middle of 1945 and 11.4 million in 1939.

This reduction of stocks, together with the prospective large future demand for cotton and cottonseed products, has resulted in the House Agricultural Committee requesting the United States Department of Agriculture to hold up preliminary work on the 1947 cotton quota and allotment program. They have asked that the work be delayed until Congress has had an opportunity to act on the bill approved by the Committee, which would forbid the establishment of marketing quotas and acreage allotments in 1947.

Cotton School to Be Conducted at Texas

A. & M. College in May

Dr. Luther G. Jones, Acting Head of the Department of Agronomy at Texas A. & M., has announced that the Thirty-Seventh Annual Summer Cotton School will be conducted at the College May 27 to July 6. The course is designed to train producers to market their cotton more intelligently and profitably and to assist cotton buyers to become more familiar with low grade and off-colored cotton.

Cotton Research Congress to Meet in Dallas in July

Burris C. Jackson, Chairman of the Statewide Cotton Committee of Texas, has announced that the Seventh Annual Cotton Research Congress will be held in Dallas on July 8-9. The program committee, under the chairmanship of President Gibb Gilchrist of Texas A. & M. College, has announced that the program will include discussions of cotton exports and competition, mechanization, employment, uses of cottonseed products, and a sound national policy for cotton. D. T. Kil-lough, of the Texas Experiment Station and Chairman of the Exhibits Committee, has announced that mechanical pickers and strippers, sizz weeders, cottonseed products, textiles, and other cotton products will be on display.

Orders Issued to Limit Use and Distribution of Grain

In an effort to bring the distribution of mill feeds in line with the reduced supply which will result from the 80 per cent wheat flour extraction order, War Food Order No.

9 has been amended to limit receipts of wheat mill feeds by any person in any one quarter to not more than one-sixth of receipts in the calendar year 1945. The use of mill feeds in the manufacture of livestock and poultry feeds was also restricted. War Food Order No. 144 also was amended to prohibit millers from delivering wheat mill feed to any persons except regular feeders or distributors of feed.

War Food Order No. 145 further restricting grain use became effective on April 1. It limits feeders buying grain to the production of hogs of not over 225-pound weight, cattle of not better than Grade A, and poultry in an amount not exceeding 80 per cent of their 1945 production. The order cuts back production of commercial poultry feed to 75 per cent of the 1945 output, on a month-to-month basis, and of dairy feeds to 80 to 85 per cent, varying with the type of feed. It reduces wet corn millers to 80 per cent of their 1945 grain usage and limits manufacturers and feeders who purchase grain to an inventory not to exceed a 45-day supply.

According to press reports, members of the grain trade believe that this order will result in better distribution of the supplies of grain placed on the market but not in increasing the quantities marketed. Some members of the trade also expressed the opinion that the order would not be effective in reducing livestock feeding, as farmers with adequate stocks of grain on hand are not restricted in their feeding operations.

TECHNOLOGICAL DEVELOPMENTS

A New Farm Crop

Guar, a new plant brought to this country from India during the war and grown experimentally in Arizona since 1943, is said to have possibilities of developing into a new farm crop in the Southwest. An estimated 650,000 pounds of seed were raised in Arizona in 1944 on about 900 acres. The yield from more than half of the acreage was sold under a contract price of eight cents per pound for recleaned No. 1 seed.

Guar is an annual legume, well adapted to growth in a warm, semi-arid region and is valued for its soil building and conserving

qualities. The beans from the plant can be harvested with a mechanical combine and when milled into flour are a valuable source of mannogalactan — a substance that can be made into a mucilage-like product used to bind cellulose fibers together in the manufacturing of paper. This substance has been utilized for several years in specialized processes connected with paper manufacturing and textile sizing. Its more extensive use has been impractical because of the high cost of the imported locust bean powder, which formerly was the only source of mannogalactan. Experiments with guar indicate that it can be produced and processed at low enough cost to provide a sufficient supply of mannogalactan for use in the manufacture of even the cheaper grades of paper.

Insulating Material Made from Rice Hulls

The Louisiana State University and Southwestern Louisiana Institute have developed a process for converting rice hulls into a flame-proof insulating material. H. R. Bodemuller, Industrial Engineer for Louisiana's Department of Commerce and Industry, said that by the new process rice hulls, formerly considered worthless, can be converted at relatively small cost into a product worth \$40.00 per ton.

NEW PUBLICATIONS

The following bulletins are published by the Oklahoma Agricultural Experiment Station, Oklahoma A. & M. College, Stillwater, Oklahoma, and copies may be obtained by request to the publisher:

Performance Tests of Corn Varieties and Hybrids, 1945, James I. Brooks. Results of tests conducted in eight counties scattered through the corn-growing sections of Oklahoma of various hybrid corn varieties are given.

Corn Seed Treatment in Oklahoma, J. Harvey McLaughlin. *Vegetable Seed Treatment for Oklahoma*, J. Harvey McLaughlin. Results of treatment tests of vegetable and corn seed are given in these two bulletins, along with the methods and costs of recommended treatments.