Maintaining Flexibility in Farming

Emphasizing the importance to farmers of being able to adjust their operations in such a way as to conform to changing economic conditions, a recent issue of Iowa Farm Science suggests several ways of keeping farm operations in a flexible state. The uncertain and almost ever-changing pattern of farm prices admittedly makes it difficult for farmers to plan ahead, but the obvious effects of changing prices upon farm income make it important to all farmers to attempt to maintain a degree of flexibility in their operations. In fact, it is just as important to the farmer to be able to adjust his operations to take advantage of favorable situations and to help "hold his own" when the outlook is uncertain as it is to the businessman or the manufacturer.

Each individual farmer, of course, should be able to determine how much flexibility is desirable or possible with respect to his own operations. He should know better than anyone else the particular conditions which characterize and influence operations on his farm. He knows his soil, his equipment. He recognizes the uncertainty of climatic conditions in his particular locality and their effect upon different crops. He knows his own financial status. He knows how much loss he could survive in the event price changes should work to his disadvantage. He should be able to determine whether he could afford the risk that might be involved in planning his operations to obtain the highest possible income or whether he should scale down or modify his operations somewhat to obtain perhaps a slightly smaller but nevertheless more certain income.

The suggestions offered by the publication Iowa Farm Science for achieving greater flexibility in farming operations are not foolproof, nor are they really new; perhaps they are of most value because they remind the farmer of time-tested and proved ways by which he may improve his operations. As the publication states: "The farmer who has a definite plan in mind—one that considers all the known circumstances—should come out on top more times than the one who simply 'shoots in the dark'." Moreover, with the economic outlook somewhat uncertain and with there being no certainty as to the level of farm prices in the future, the present seems to be a particularly good time for farmers to be thinking of ways and means by which they may improve the stability of their operations. The steps suggested to achieve greater flexibility include diversification of enterprises on the farm, keeping the production process flexible to improve marketing opportunities, balancing operations with enterprises that may be completed in a short time and may involve less risk, maintaining a careful check on the trend of farm inventories, controlling costs which may be varied from time to time by the decision of the farmer, making the best possible use of price and economic information that is available, and introducing into the fixed asset program of the farmer as much flexibility as is consistent with operating conditions.

Diversification, of course, cannot be considered as the sole approach to the problem, for when there are major changes in the price level the prices of all farm commodities tend to move in the same direction. Furthermore, in some areas where the soils and the productive facilities are highly specialized, diversification may not be practicable and, in fact, might even be unprofitable in some instances.
In most cases, however, it is possible to produce several kinds of grain or other crops and livestock, thus enabling the farmer to avoid "putting all his eggs in one basket." Even though prices may move in the same direction, there may be considerable variation in the degree of change and, consequently, a proper diversification frequently tends to level out the effects of price changes. Of course, the farmer should be careful in selecting the combination of farm enterprises to avoid engaging in operations which, though different, fail to give diversification. For instance, price changes for corn and oats tend to be quite similar and, hence, that combination would not give much diversification, whereas there is much less similarity in the movement of prices for hogs and dairy products, affording more diversification. These types of combinations are mentioned as illustrative of one of the diversification problems of which the farmer must be aware.

Maintaining flexibility in the production process means that the farmer should be able to exercise judgment at each turning point with respect to the best time for marketing his products. Of course, there are some crops which must be disposed of when harvested, but there are others which can be held for a considerable period to enable the farmer to market under most favorable conditions. Corn and cotton and wheat are examples of products which may be sold when harvested or, if the prevailing price situation is unfavorable, may be held for higher prices or, in the case of corn and wheat, might be used as feed for livestock. There are also opportunities in raising hogs and livestock to maintain a flexible position, while the same is true of other farm enterprises provided they are properly planned and managed.

Although Iowa Farm Science recognizes that price predictions are never certain, nor are they easy to make, it is probably easier to predict prices for the short-run future than for the intermediate or longer period. There are items in the inventories of all farms that can be adjusted in volume in line with the short-run price outlook. For instance, protein feed supplements can be purchased in small quantities or in larger amounts, while some of the farm-raised grain might be sold under certain conditions to be bought back later under more favorable conditions. Suggestions such as these certainly do not mean that the farmer should speculate on price movements; he shouldn't. They do mean, however, that he should make every effort to keep informed and to keep aware of at least the short-run price outlook and should try to adjust in a practicable, sound manner his inventory operations to that price pattern.

There are certain costs in connection with farming which are fixed, but many other costs, such as those for feed, hired labor, and custom hire of machinery, are subject within limits to change at the discretion of the farmer. Careful control of these costs which are variable and can be scaled down at any time to fit a changing price picture means greater flexibility to the farmer in his operations and more stability in his income.

In discussing the importance to farmers of keeping informed on price trends, Iowa Farm Science states that every farmer must make an important choice between two general possibilities—a lower and hedged net return with a high degree of certainty or a high return with a considerable element of uncertainty. Farmers who plan on the basis of sound price information are more likely to come out ahead more often than those who merely "play their hunches." Some types of operations do admittedly offer a higher possible income, but they carry a larger risk and the farmer should never gamble on a risk that he can't afford. Sometimes it may be better to think in terms of shorter periods, reconsidering plans and prospects at each possible turning point, than to be bound by a plan that offers no opportunity for modification in the light of changing conditions.

FARM MANAGEMENT

Fertilizer Use On Increase In Texas

Last year's fertilizer sales in Texas were five times those of 1936, according to Dr. J. F. Fudge, State Chemist of the Texas Agricultural Experiment Station, who states that "if fertilizer sales are any indication, the
farmers of this State are feeding the soil to fatten the crops.” For the fiscal year 1947-48, Texas fertilizer sales amounted to 451,000 tons, compared with 85,000 tons in 1936-37. A breakdown of the main types of fertilizer shows 91,000 tons of 5-10-5 were sold in the year ended June 30, 1948, while 4-12-4 topped this amount with 103,000 tons, and sales of all the mixed fertilizers totaled 225,000 tons. Sales of 20 percent superphosphate were 165,000 tons. Dr. Fudge says the big increase in the use of fertilizers since 1936 resulted as more people learned that increased yields from fertilizers are pay-off in the form of more farm income. When prices are high the use of fertilizers may mean more profit for the farmer, and when prices are low or declining it may mean the difference between profit and loss.

Save Grain by Controlling Internal Parasites

Internal parasites make it necessary to feed more grain and other feeds to infested animals than to healthy stock in order to produce the same amount of meat, milk, eggs, and related products. A new publication of the United States Department of Agriculture points out that internal parasites of livestock cause an annual loss of $125,000,000, and brands these parasites as “the most treacherous of all livestock pests because their hidden work goes on day and night.” This leaflet, which may be obtained through county agricultural agents, outlines a series of treatments and other measures which will help control the most injurious species of internal parasites attacking sheep, cattle, horses, swine, and poultry. It advises farmers and ranchers about the right control material and where to get it, the correct formula to use, the proper method of treatment, and the time when parasites are most vulnerable.

COMMODITY NOTES

The Dairy Situation

Prices for milk and dairy products in 1949 probably will average about the same as this year, according to the United States Department of Agriculture. Demand will continue near 1948 levels, since the Department antici-

Favorable Poultry Situation Anticipated

The latest issue of Current Farm Economics, a publication of the Oklahoma A. & M. College, indicates a very favorable poultry situation for producers during the remainder of 1948 and throughout 1949.

K. C. Davis, Oklahoma A. & M. poultry-man, writing in the publication of the College, states that large supplies of all types of feed, including protein supplements, together with considerably reduced output of poultry and continued high demand for all types of poultry products, combine to bring about the favorable outlook anticipated. Moreover, Davis states that demand may increase slightly, for consumers may be willing to buy more than usual at higher prices.

Largely because of the ample feed supply, it is believed that a dozen eggs may buy more feed during the first half of 1949 than at any time in the last several years, even though egg prices may not reach levels that have been touched in the past. Favorable prices are anticipated, however, and should be adequate encouragement for a considerable expansion in broiler production, as well as egg production, in 1949.

TECHNOLOGICAL DEVELOPMENTS

New Insecticide

Adoption of a new technique of animal parasite control could add hundreds of mil-
lions of pounds to beef supplies within a few months, according to William P. Marsh, Jr., president of United States Industrial Chemicals, Inc. His statement was based upon the results of tests of a new insecticide used on 8,000 cattle in seven western states. Pyrethrins were combined with a new chemical, piperonyl butoxide, to provide lasting effectiveness. The tests under practical range conditions, Marsh said, showed that a single application gave adequate lice control for the entire winter season and that weight gains were as much as 83½ pounds per animal within a period of 61 days, or eight times as much as the gains for untreated animals.

Hybrid Pines As a Partial Answer to Dwindling Sawtimber Supply

A current release of the United State Department of Agriculture states that successful experiments in the production of faster growing timber by cross pollination of various types of pine may be a partial answer to the Nation’s ever present problem of a rapidly dwindling sawtimber supply. Studies and experiments are said to have produced hybrid pines which should mature 30 to 40 years sooner than the regular saw timber pines. Information regarding these experiments is contained in a popular pamphlet entitled “Tree Breeding at the Institute for Forest Genetics,” which may be obtained from the Forest Service, Department of Agriculture, South Building, Washington, D. C., upon request.

PRODUCTION GOALS
Call Made for Record Peacetime Spring Pig Crop

The 1949 pig goal has been set at 60,000,000 by the United State Department of Agriculture. This is an increase of 17 percent above the 1948 crop and, if realized, would be the largest peacetime pig crop.

Goals for Hens and Pullets Announced

Continued high-level production of eggs is recommended by the United States Department of Agriculture. The suggested national goal calls for 425 million hens and pullets on farms on January 1, 1949. This would mean retaining on farms a larger proportion of the summer flocks than in recent years.

FARM PRICES
American-Egyptian Cotton Loan Rates Set

The loan rate for grade No. 2, 1½-inch American-Egyptian cotton has been set at 61.35 cents per pound in the New Mexico-West Texas area, according to an announcement of the United States Department of Agriculture. The procedure used in administering the program and in the preparation of the loan documents is the same as that used in the 1948 regular cotton loan program.

Grain Sorghum Purchase Agreement Dates Changed

The United States Department of Agriculture recently announced changes in grain sorghum purchase agreement dates. Grain sorghum loans and purchase agreements will be available from time of harvest through February 28, 1949, instead of the previously announced termination date of December 31, 1948.

PUBLICATIONS

Texas Agricultural Experiment Station, College Station, Texas:

Harvesting and Drying Peanuts in Texas, Progress Report 1124, by B. C. Langley and others.


Copies of these publications may be secured by request to the publisher.