

# FARM AND RANCH BULLETIN

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## DEMAND FOR FARM PRODUCTS INCREASES

Projections of population and economic growth point to strong domestic markets for food and other farm products during the 1970's, according to a recent USDA report. By 1980 the population of the United States is expected to be around 235 million, and these consumers will probably spend over \$1 trillion annually.

### Growing Demand for Farm Products

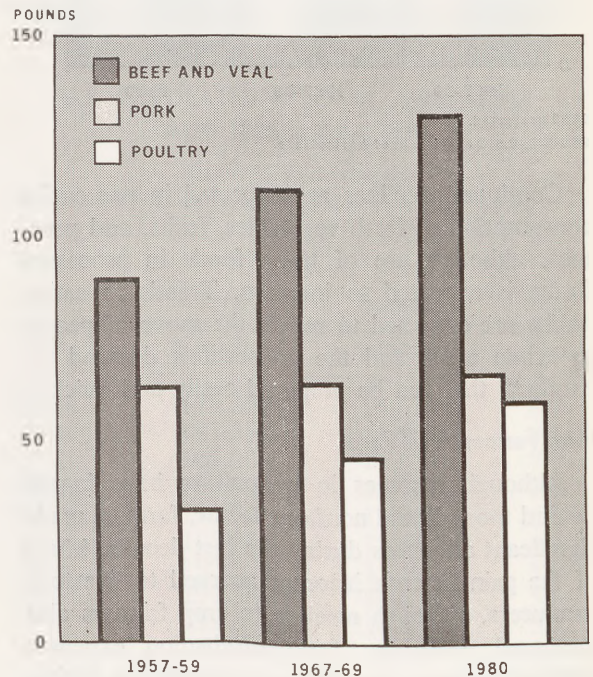
As the decade of the seventies begins, consumer outlays for products containing items of farm origin are running close to \$180 billion each year and make up about a third of total consumer spending. Although consumers will spend more for these items during this decade, the rate of increase may be less rapid than during the 1960's. These gains in expenditures will be influenced primarily by the extent of population growth, the advance in after-tax incomes, trends toward an upgraded diet, and consumer demands for more "built-in" services.

Consumers will have larger after-tax incomes in the seventies, but they will continue to spend a declining portion of their incomes on food. Even though rising incomes enable consumers to purchase more expensive foods, such as beef, they usually do so by cutting down on consumption of other foods. Therefore, total pounds of food consumed per person are expected to remain fairly stable.

As the accompanying chart shows, trends in food preference patterns indicate that consumers will probably continue to eat more beef. Per capita consumption will likely reach 130 pounds (car-

cass-weight basis) by 1980. Trends point to advances in per capita consumption of poultry, processed fruits and vegetables, and vegetable oils during the coming decade. Per capita consumption of pork is expected to hold about steady at 66 pounds (carcass-weight basis), while the volume of lamb and veal will probably continue to decline. Dietary and health recommendations could lead to further substitution of vegetable oils

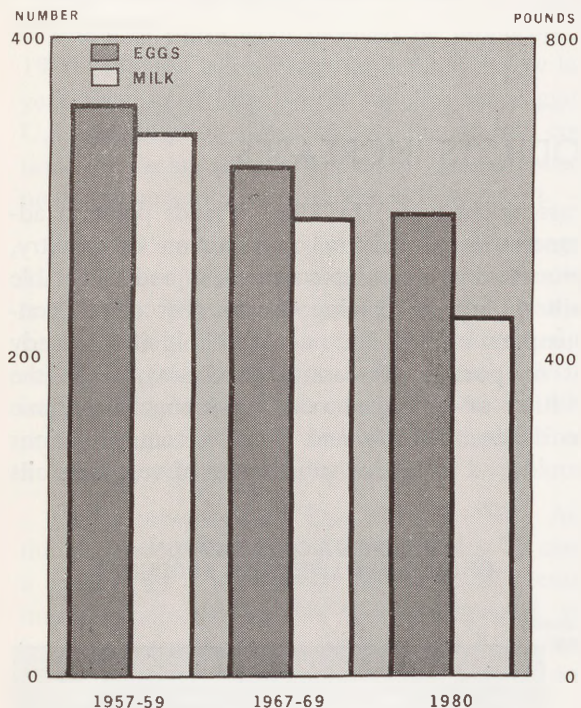
PER CAPITA CONSUMPTION  
OF SELECTED LIVESTOCK PRODUCTS



1980 projected.  
SOURCE: U.S. Department of Agriculture.

for animal fats, as well as a further decline in per capita consumption of eggs and dairy products (milk equivalent). Higher prices of dairy products could also encourage greater use of less expensive substitutes, the USDA reports.

#### PER CAPITA CONSUMPTION OF EGGS AND MILK



1980 projected.

SOURCE: U.S. Department of Agriculture.

Continued declines are expected in per capita consumption of fresh vegetables, fruits, and potatoes, although use of these foods in processed forms is expected to increase. Trends in eating habits are expected to reflect the move of people to urban areas and the housewife's demand for products that can be prepared easily and quickly.

#### How Farmers Will Fare

Although incomes in agriculture have lagged behind those in the nonfarm sector, farmers made significant advances during the last decade. Much of the gain in cash incomes accrued to livestock producers, although receipts to crop farmers also increased. However, farm production expenses climbed in every year except one during the sixties, offsetting much of the rise in gross income. As a result, realized net farm income was more than a third higher by the end of the decade, but net

income per farm increased more than 80 percent. The gain was due, in part, to a decline in the number of smaller farms.

As the seventies progress, income prospects are generally more encouraging for livestock producers than for crop farmers. But the USDA expects rising production and general cost-price pressures to continue to limit gains in farmers' realized net incomes. Average income per farm will probably rise, however, because of a decline in the number of farms. Off-farm income opportunities are also expected to boost after-tax incomes of farm people.

#### Demand for Farm Inputs Expands

Modern agriculture continues to be one of the nation's most productive industries. The value of farm output in the last decade expanded more than a third. This increase took place on fewer but larger farms with substantially less labor and slightly less total land.

The number of farms dropped from around four million in 1960 to about three million by 1969. Although most of the decline occurred in the sector of commercial farms with cash receipts below \$10,000, the number of part-time and part-retirement farms also fell sharply. In contrast, the number of farms with sales exceeding \$40,000 increased about 75 percent during the decade.

#### Marketing of Farm Products

In recent years, farmers, processors, and distributors have moved increasingly toward closer coordination to reduce some of the uncertainties that characterize agriculture. Trends have been toward contract growing, mergers, cooperative marketing-processing agreements, farm consolidation, and farm management information systems. This more efficient production-marketing system is expected to contribute to steadier earning flows for farmers and other businessmen in the agribusiness system.

Currently, about four-fifths of total agricultural output is sold to intermediate producing and processing industries and the remainder directly to final users. And by 1980, according to the USDA report, this latter proportion will probably diminish as the trend toward coordination continues and consumers demand more built-in services.

## New Weeping Lovegrass Released

A new variety of palatable weeping lovegrass well-suited for intensive grazing, as well as for hay production, has been released by the USDA and the Oklahoma Agricultural Experiment Station at Stillwater. The new variety, Morpa, derives its name from the words "more" and "palatable," which describe the major attributes of the strain, report Agricultural Research Service scientists.

In grazing trials, both beef cattle and sheep preferred the Morpa variety to other weeping lovegrasses. Hereford steers made from 12 to 13 percent higher liveweight gains grazing on Morpa than animals grazing on common weeping lovegrass. During a three-year period, daily gains for both winter and summer grazing on Morpa were 0.68 and 1.85 pounds, respectively, compared with gains of 0.59 and 1.69 pounds on common weeping lovegrass.

Forage yield tests at three locations in Oklahoma showed that Morpa equaled or exceeded the yields of other varieties. Seed yields from two harvests of Morpa averaged 520 and 560 pounds per acre annually.

Morpa is expected to be adapted to Oklahoma, except in the panhandle region, and to other areas where common weeping lovegrass is grown. The new variety will not withstand fall grazing in northern Oklahoma. Both breeder seed and foundation seed are produced under the direction of the Oklahoma Agricultural Experiment Station, and certified seed is expected to be generally available for spring seeding in 1972.

## Moistening Treatments Improve Cotton Fiber Quality

Cotton fiber and yarn quality can be improved by moistening cleaned seed cotton before it is ginned. Two equally effective methods can be used, according to a marketing research report issued by the USDA.

A spray method in which seed cotton is exposed to a fine mist of water and a vapor method in which cotton is exposed to highly humidified warm air were tested by the Agricultural Research Service and the Economic Research Service. Ginning tests with cotton grown in Arizona and

Texas were made for two years at the Southwestern Cotton Ginning Research Laboratory, Mesilla Park, New Mexico.

Test results agreed with those of earlier studies which showed that damage to fiber quality is reduced or eliminated by increasing the moisture content of seed cotton fibers to a level of 6 to 8 percent before the seed and lint are separated in the gin. The spray and vapor methods restore part of the moisture that is removed before ginning. Both moistening methods improved fiber length, yarn quality, and spinning performance.

## Farm Population Continues to Decline

The number of people living on farms in the nation averaged 10.3 million during the 12-month period centered on April 1969. This estimate was prepared cooperatively by the U.S. Bureau of the Census and the Economic Research Service.

Of the more than 200 million people in the United States, only 5.1 percent — or one person in 20 — resided on farms in 1969. This segment of the population has declined 5.3 million, or about one-third, since 1960, when there were 15.6 million people on farms. The annual average decrease in the total farm population between 1960 and 1969 was 4.6 percent.

### U.S. POPULATION: TOTAL AND FARM April 1960 to April 1969

(Numbers in thousands)

Year	Total resident population	Farm population	
		Number of persons <sup>1</sup>	Percent of total population
1960 . . . .	<sup>2</sup> 179,323	15,635	8.7
1961 . . . .	182,350	14,803	8.1
1962 . . . .	185,208	14,313	7.7
1963 . . . .	187,998	13,367	7.1
1964 . . . .	190,724	12,954	6.8
1965 . . . .	193,258	12,363	6.4
1966 . . . .	195,377	11,595	5.9
1967 . . . .	197,367	10,875	5.5
1968 . . . .	199,374	10,454	5.2
1969 . . . .	201,422	10,307	5.1

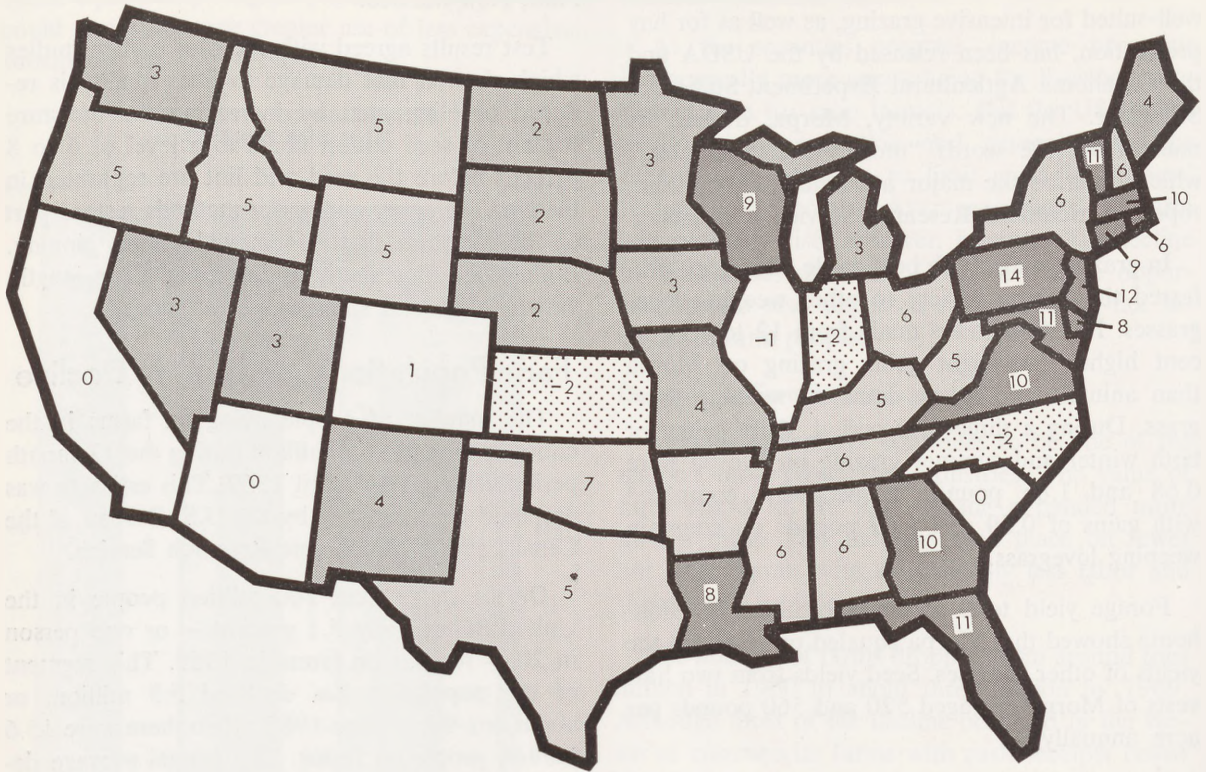
<sup>1</sup> April-centered annual averages.

<sup>2</sup> Census count.

SOURCES: U.S. Bureau of the Census.  
U.S. Department of Agriculture.

## CHANGE IN DOLLAR VALUE OF FARMLAND

Percent change,  
March 1970 from March 1969



### Gain in Farmland Value Slows

The national index of farmland value (based on index numbers of average value per acre including improvements) rose 4 percent from March 1969 to March 1970. However, the rate of increase has moderated during the past three years. The rate of gain slipped from 5 percent a year ago and from 6 percent and 7 percent during the preceding two years.

According to the Economic Research Service, the rate of change varied widely throughout the 48 contiguous states. Some states registered increases as high as 14 percent, while others suffered decreases up to 4 percent.

The rates of gain in farmland value increased appreciably in the Eleventh Federal Reserve District states of Louisiana (8 percent), Oklahoma (7 percent), and New Mexico (4 percent). In Arizona, land value remained about steady. Land value in Texas rose 5 percent this year, compared with a 6-percent increase a year ago.

Among the reasons for increases in farmland value throughout the nation are the continued strong demand for land for nonfarm uses, a favorable outlook for milk and dairy products that encourages the expansion of dairy farms, the pressure to develop cropland in order to increase total production, and the growing trend toward farm consolidation. Reasons cited for decreases in farmland value include the tight credit situation and continued uncertainty over future wheat and feed grain programs.

Moreover, variations in the value of farmland in the western United States, for example, can be broken down by type of land or the purpose for which the land is used. The value of irrigated land declined in Arizona, Nevada, and Washington; but the value of dry farmland decreased in California, Colorado, and Wyoming.

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