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### Defense Brightens Outlook in 1941 for the S. D. Farmer

Cooperative Extension South Dakota State University

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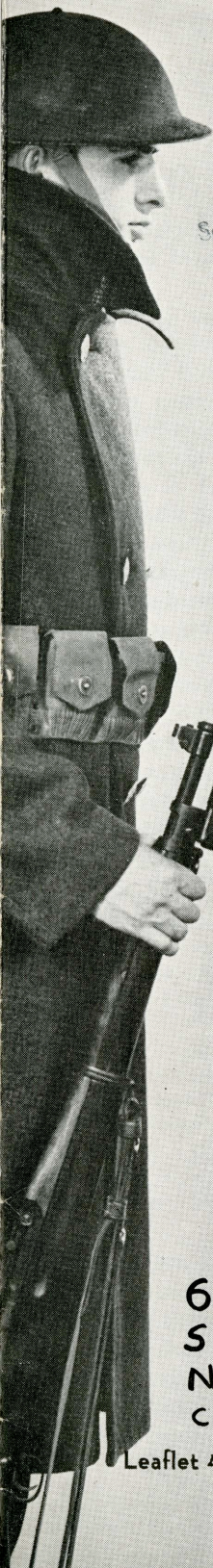
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Defense Brightens

# OUTLOOK

LINCOLN MEMORIAL LIBRARY  
South Dakota State College, Brookings, South Dakota

in 1941

for the S. D. Farmer

SDSU LIBRARY - BROOKINGS, SD



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## We May Expect---

DEMAND: Much Better  
HOG PRICE: Higher  
FARM EXPORTS: Gone  
SHEEP PRICE: Higher  
BEEF CATTLE: Higher  
'HOPPERS: Locally Fewer  
*but*  
LIVING COST: Higher

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No. 40

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Leaflet 40

EXTENSION SERVICE

Dec. 1940

South Dakota State College, Brookings



# Wheat Can't Go Up Much

## *---World Supplies Too Large*

There is no dodging the gloomy fact that world supplies of wheat in 1941-42 will continue to be large and will stand in the way of any substantial price advances unless the weather seriously reduces harvested acreages and yields.

United States wheat prices, on the other hand, are expected to remain independent, to a large extent, of prices in other countries. The price in the United States is expected to continue above that in competing export countries but even with the government subsidy loan and export programs, the big world surplus is too much to overcome.

United States acreage in 1941 will be about the same as last year—65 million acres. If we have a large wheat crop in 1941, or if the loan and export subsidy programs are abandoned, our wheat price might come down near that of the rest of the world which is considerably below our price right now. The carry-over in this country next year will be larger than this year. It may go to 375 million bushels.

The world wheat acreage in 1941 may not be far from the record 1939 figure of 275 million acres. The war is not expected to have much effect on European wheat acreage. The world 1940 crop was hurt more by bad weather than by the war. The 1939 world crop was tremendous—with good weather in 1941, it might be even bigger than it was in 1939.

**National Defense Effect on Wheat:** War abroad and defense preparations in this country will have but little effect on the wheat situation. Acreage and supplies at home and abroad are expected to continue large. United States wheat exports, even with an export subsidy program, are expected to be only moderate in size.

**Hint to South Dakota Wheat Grower:** South Dakota's harvested 1940 wheat acreage was 2,554,000 acres. This was more wheat than in 1939 and more than the average acreage of the last 10 years. A continuation of this trend to enlarge our wheat acreage, considering the world acreage and price situation, is unwise.

## Less Grasshoppers in 1941

Although some sections of South Dakota were found to be heavily infested with grasshopper eggs when the survey was made this fall, in general the state may expect a lighter 'hopper infestation next summer. Entomologists estimate that 10,243 tons of dry bait will be needed next year whereas last year they asked for 19,237 tons, about double the 1941 amount. Central South Dakota and the Rosebud show the heaviest egg concentrations.



# Farmer Benefits as U. S. Girds for Defense

## *---Better Business Boosts Demand for Farm Products*

Whatever the long run effect may be, there is no question about it, the 17 billion dollars the government has appropriated to arm the United States against possible aggression, is having a tremendously stimulating effect on business. Seven billion of these dollars will be poured into business channels by the end of 1941.

The demand for farm products, on one hand, and supply of farm products, on the other, determines the price you receive at the elevator, the stockyards, and the size of your cream check.

Demand will be good next year. National income in 1940 will probably give a per capita income of at least \$565. This is actually greater than in the boom year of 1929 when we consider that the things we buy will be cheaper than they were in '29; both of which must be considered to reach the real measure of income. Price of things farmers buy may not increase significantly in 1941 but look out for 1942. "Go slow" is good advice. Remember the last World War.

The business index is 26 percent above the average for 1924-29. By the end of 1941, it will be 130; by the end of 1942, it will be 142 or 146 percent of 1924-29, if present trends continue.

Spending 17 billion dollars for defense and putting a million men a year under arms, will help the farmer to get better prices. It takes 200 pounds of grease wool to clothe a soldier for a year. Therefore, it keeps 22 sheep working for just one soldier.

A soldier has a big appetite—army men say he eats 40 pounds of meat more per year than the av-

erage person. Multiply 40 by a million men in the army—a demand for 40 million more pounds of meat is created. Let us emphasize that an additional 40 million pounds of meat is not large in relation to national meat consumption but these examples are cited to show how the defense program will stimulate demand.

The Defense program is expected to furnish jobs to three to four million of the present unemployed. Four million more men will be cashing pay checks and calling for flour, butter, meat and woolen goods.

Not all farm products will share the advances, however. Those we consume domestically—meat, dairy, poultry—will get the biggest benefits. Our farm export markets are nearly all gone.

And don't forget—if the price we receive is to be higher, so will be the price we will have to pay. Some of these gains will be canceled by higher prices for what we buy.

There are unknowns in the picture—will we give credit to England so she can continue to buy? Will the war end suddenly? These unknowns make it unwise for over-expansion in the expectation that this good demand situation will continue indefinitely.

South Dakota had a big crop in 1940. We have less hogs but more sheep and cattle than the last 10-year average. The South Dakota farmer is in a good position to take advantage of any possible price increases.

## Detailed Outlook Report Available From County Extension Agent

This little leaflet is not intended to give a detailed analysis of what South Dakota farmers may expect in the Outlook for prices of different farm products in 1941—it attempts to hit only the high spots. Complete reports, considering all the angles which influence the price of all farm

products, written by the staff members of the South Dakota State College Extension Service and the Agricultural Experiment Station are available at your County Extension Agent's office. Ask him to discuss the Outlook at a meeting in your community.



## Feed Supplies Again Large ---And Livestock Numbers Less

Feed grain supplies in the United States are the second largest in 20 years. The supply (production, carry-over and imports) was estimated at 115 million tons on October 1, 1940, compared with 111 million tons on that date a year ago. That figure is 12 percent above the 1928-32 average. South Dakota feed grain supplies in 1940 exceeded both 1939 and the 10-year average.

The number of grain consuming animal units is expected to be five percent below the 1928-32 average. This situation should make feeding ratios favorable for livestock men by late next winter although the Corn Loan Program is now bolstering feed grain prices. The carry-over of corn, oats, barley and grain sorghum next summer is expected to be much above average. United States hay supplies are the largest since 1927 and in South Dakota are above average. Pasture condition for the country as a whole was the third best in the last 12 years and was above the 10-year average in South Dakota on November 1, 1940.

**National Defense Effect:** From the standpoint of supplies of feed for its livestock in a national program of defense, agriculture was never better prepared. The peak of the present cycle in livestock numbers was evidently passed on January 1, 1940. The unfavorable feeding ratio which brought about heavy reductions in hog and poultry numbers during 1940, is now expected to give way to a favorable feeding ratio by next winter. Exports or imports of feed grain in 1940-41 are expected to be negligible because of the war.

**In South Dakota:** The livestock man should be in good position to capitalize on reasonable feed prices during 1940-41. Production of feeds in this state was above 1939 and the 10-year average in 1940. Combined with this fact is the circumstance that livestock numbers have not experienced the heavy declines in this state during 1940, as compared with 1939, that was experienced in some other states. Cattle and sheep feeding is increased above a year ago in South Dakota and the 1940 spring pig crop was only slightly below that of 1939.

## Poultry High Early 1941

The European war and Defense preparations in this country are not likely to affect poultry prices as much as other commodities. Prospects for smaller supplies of poultry and eggs and stronger consumer demand indicate that prices of chickens, eggs and turkeys will average higher in the first half of 1941 than in 1940.

But the 1941 hatch will be larger than it was last year, indicating that heavy supplies may hold down the natural tendency of good demand to increase prices next fall. The feed-egg ratio will probably be favorable the first half of 1941, less favorable the last half. South Dakota will probably raise as many turkeys as usual next year but if the price continues low, United States production is likely to decrease.

## Higher Beef Price Is Likely

### *---Growing Numbers Hint Danger*

Improved consumer demand and a slightly smaller supply of meats are expected to result in higher beef cattle prices in 1941 than in 1940. Total slaughter of beef and veal is expected to be about the same as last year. However, the supply of grain-fed cattle is not apt to be quite as large. Consequently, the price spread between higher and lower grades probably will be greater than last year.

Cattle numbers increased for the third consecutive year—about 2 million head during 1940. The total cattle numbers in United States January 1 will be 70.8 million head. The most we ever had was 74.3 million in 1934 and least was 66.1 million in 1938. Restocking is expected to continue and the 1934 record may be broken in the next 2 or 3 years.

We can get along like we now are, marketing 26 million head a year without trouble. But if the increase continues for next few years until we are marketing 28 million head a year, a record number, we will be in for trouble. Twenty-eight million head marketed in a year will mean substantially lower cattle prices unless unusually strong consumer demand prevails.

**Beef Cattle and National Defense:** The improved consumer demand will result in a large part from the Defense program which is expected to add thousands of men to industrial payrolls. Besides these customers for our beef, Uncle Sam will be buying more beef for the army.

**In South Dakota:** This state is sharing in the movement to increase beef cattle herds. There was an increase in cattle-feeding in South Dakota this fall. Stockmen should watch the number of United States cattle and when it begins to approach the record number of 74 million head, get ready to trim their sails for storms.

## Sheep, Lambs to Be Higher

Since the total number of sheep and lambs to come on the market during 1941 will be about the same as in 1940, the price is expected to average somewhat higher because of the stronger consumer demand for meat. An increase in South Dakota sheep numbers is expected but the United States production will be about the same as it was this year.

## Good Demand to Raise Wool

Wool is one of the brightest spots of the Outlook for 1941. Increased consumption of wool will have a strengthening effect upon wool prices. The anticipated better consumer income will stimulate the demand by civilians for woollen goods and the government orders to clothe the army of conscription will also add to the demand. However, United States is on an import basis, producing only two-thirds of our own needs, and our price will be influenced by the price paid for imported wool.



## Expect Higher Hog Prices

### *---Less Pigs and Better Demand*

Hog prices are expected to average materially higher in 1941. The number marketed will be less and the better demand should support higher prices. There are always less hogs on the market in the spring than other seasons and next spring there will be less than usual. All during 1941, there will be less hogs on the market than there were in 1940.

Because of the unfavorable ratio of hog prices to corn prices, United States farmers reduced spring and fall 1940 pig crops 10 percent—8½ million head—from the record pig crop of 84.3 million head in 1939.

South Dakota farmers have also reduced the number of pigs. They cut down the spring crop 3 percent from 1939 and planned to keep about 8 percent less sows for fall farrowing. We had 1,884,000 pigs last spring which is well under the number of hogs raised in South Dakota in pre-drouth years. We raised 317,000 fall pigs in 1939 as compared to 388,000 for the average of 1929-38 period.

**National Defense Effect on Hogs:** With further improvement in domestic consumer demand for pork and lard stimulated by the Defense program, present indications are for higher hog prices in 1941 than in 1940. The strong consumer demand will overshadow export demand weakness which has been small the past few years. At present we can look for no better export demand for pork in 1941.

**South Dakota Hog Situation:** Farmers equipped to grow feed may find it more profitable to maintain or slightly increase hog numbers in 1941 rather than to wait and increase their breeding operations for the 1942 marketing year.

## Cost of Living Higher

### *---Food and Clothing to Go Up*

Farm families will have a larger income in 1941 than they did in 1940 but each dollar spent for family living will buy less in 1941 than it did in 1940. The problem of securing a better living for the farm family can best be solved through an effective use of resources; such as labor of family members, better use of the land, wise use of money and producing more food at home. Families who make farm-home plans will be better able to make use of their resources.

Only small price increases for staple foods—bread and other grain products, sugar, fats and dried fruits—are expected. Meat and some fresh fruits probably will advance materially in price.

Ready-to-wear clothing; silk, woolen and worsted goods; and shoes will cost more in 1941 than they did in 1940. Cotton and rayon prices will show little change. Household operation will cost about the same. Gasoline will cost somewhat more in 1941. Furniture and furnishings may show a moderate price increase.

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## Dairy Situation Looks Good

### *---Room for More Good Dairy Cows*

The dairy situation looks good. Farmers can expect greater income from dairy production in 1941 than in any recent year. This prediction is based on an increased number of milk cows, a higher level of industrial activity with consequent increased consumer purchasing power and an increase in export of manufactured dairy products.

Cow numbers have been increasing since 1937 and this trend will continue through 1941. Grain and hay supplies are ample and it is expected that the per-cow production in 1941 will be as high as ever reported.

**National Defense Effect on Dairy:** Greater consumer purchasing power brought about by the Defense program will maintain price levels as high or higher than in 1940 in spite of an increased production. Our imports of dairy products, particularly cheese, will be sharply restricted but our exports of manufactured dairy products are expected to increase.

**In South Dakota:** Further expansion in dairy sections seems warranted, if good dairy stock is used.