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1952 Farm and Home Outlook

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Farm and Home

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EXTENSION LEAFLET 138
JANUARY 1952

AGRICULTURAL EXTENSION SERVICE

SOUTH DAKOTA
STATE COLLEGE
U. S. DEPT. of AGRICULTURE

Furtherance, Acts of Congress May 8, June 30, 1914. G. I. Gilbertson, Ext. Director

Agricultural Outlook

By LYLE M. BENDER *Farm Management Specialist*

General Business Prospects

Additional inflation is in prospect for 1952. Price trends are likely to be varied throughout the year but the basic pressures are on the "up" side of the price picture. At this writing (December 1951) there is an approximate state of balance between inflationary and deflationary forces. A gradual rise in employment, higher wage rates and increased business and farm incomes, all will contribute to a rise in "gross national product in 1952."

The gross national product—the total output of goods and services valued at current prices—will continue to rise and may reach a level of 338 to 349 billion dollars in 1952.

The two most important factors in the business outlook are the large government spending for defense and the large savings that are being made by people.

Our government is currently spending at an annual rate of 41 billion dollars for national security programs. These include the atomic energy program, stockpiling, foreign military and economic aid, and our own military program. Planned expenditures for 1952 may total near 66 billion dollars. In addition, spending for defense and industrial construction will be large. Such expansion will occur in our basic industries such as steel, aluminum, electric power, petroleum refinery, chemicals and transportation. These expansion programs are being encouraged by rapid tax amortization, direct loans, and loan guarantees.

Because of rising incomes due to higher employment, longer working hours, and rising wages the amount people will spend for living will probably increase considerably. It is entirely possible that our total spending will reach 351 billion dollars. If our spending rises to 351 billion dollars and with our production at 338 to 349 billion dollars we are faced with an inflationary situation—that is, a shortage of goods in relation to dollars which may cause prices to rise.

Prices may not rise greatly. If production is increased further; if savings continue high or increase; if existing controls are made to operate; and if taxes remain high and increase, prices may be held down. Savings have been at a high rate during the past year and have been a big factor in holding the price line steady.

Big Rises Not Expected

In view of the brisk industrial activity in the business section of our economy, farmers can look forward to a strong demand for their products in 1952. The record agricultural production in 1951 and prospects for a higher output in 1952, weather permitting, will tend to put the damper on any large rise in prices of farm products.

Prices received by farmers are expected to rise only slightly. On the other hand, prices paid by farmers will rise more and at a faster rate than the prices they will receive for their crops and livestock.

With these price prospects farmers may expect an increase in gross income, higher production costs and a lower net farm income in 1952. Since living costs will be rising the purchasing power of the farm families income will not be much different from a year ago.

The 1952 outlook is based on these assumptions:

1. That there will not be any more or any less of a war scare than there is now
2. That controls on wages, prices, credit and allocations of materials will be no weaker and perhaps stronger
3. That there will be increase in taxes

We can have a fairly stable economy in 1952 and a very large defense program *only* if the above conditions are maintained.

Feed Production Down

The outlook for feed in the 1951-52 feeding year is for smaller supplies of feed grains but another large hay supply. The total supply of high protein feeds is expected to be about the same as a year ago. The demand for feed grain will continue strong since the number of grain consuming animal units will be increasing. The supply of grain and high protein concentrates per animal unit will be slightly less than last year. Due to the large expected use of feed grains the carry-over at the end of the year will be down.

Production prospects for feed grains for the 1952-53 feeding year will depend greatly on the weather and the use of yield-increasing practices. Chances are the total acreage in South Dakota and the United States that will be devoted to feed grains will be about the same or slightly larger than last year.

Prices of most feed grains are likely to be higher in the year ahead. High protein feeds will also follow this trend with the exception of tankage and meat scraps which may change little from a year ago.

Livestock Production Up

An increase in total meat production is expected in 1952 from the expansion now taking place in the numbers of meat animals on farms. The number of cattle on farms in the United States will continue to increase and may reach 91 million head by the first of 1952. Slaughter of beef cattle may be up 10 percent.

Pork production in 1952 will not be much different from the past year. A slightly smaller spring pig crop is in prospect. Hog slaughter from the 1951 crop will be moderately larger in the first eight months of 1952 and then decline.

A somewhat larger slaughter of sheep and lambs as well as further increases in numbers on farms is expected in the year ahead.

Prices of cattle, hogs and sheep and lambs are not expected to change much in 1952. Normal seasonal changes are likely to continue. Some price reductions will occur during periods of heavy marketings.

Milk Production Steady

Little change is expected in milk production. The demand for most dairy products will increase. The greatest increases will be for fluid milk and fluid cream while the demand for butter may decline slightly. As a result of increased demand, prices of milk and most dairy products will probably rise a little. Dairy production costs are expected to rise and net income from dairying in 1952 will probably be about the same as last year.

Expect Steady Poultry Prices

Increased production of eggs and broilers is expected in 1952. Farm chicken production will be about the same. Turkey production may exceed the 1951 record production. Prices for poultry products probably will average about the same as in 1951. The total income from poultry production may be about 5 percent larger in 1952 than in the year past. Production costs, largely feed and labor (in commercial flocks) will undoubtedly increase. As a result the net income to poultry producers is not expected to be as much as they received in 1951.

For 1952, egg production may be 3 to 4 percent greater than the expected record output in 1951. Most of the increased egg production will occur in the first nine months of 1952 and will tend to force prices in this period to slightly lower levels than a year earlier.

More Wheat—Prices Steady

Weather permitting, another large wheat crop is likely for 1952. The national wheat acreage goal is set at 78.9 million acres and is slightly larger than the big acreage of 78.5 million acres seeded in 1951. Domestic uses of wheat will remain steady and exports will be

These Indicators Show the Trend

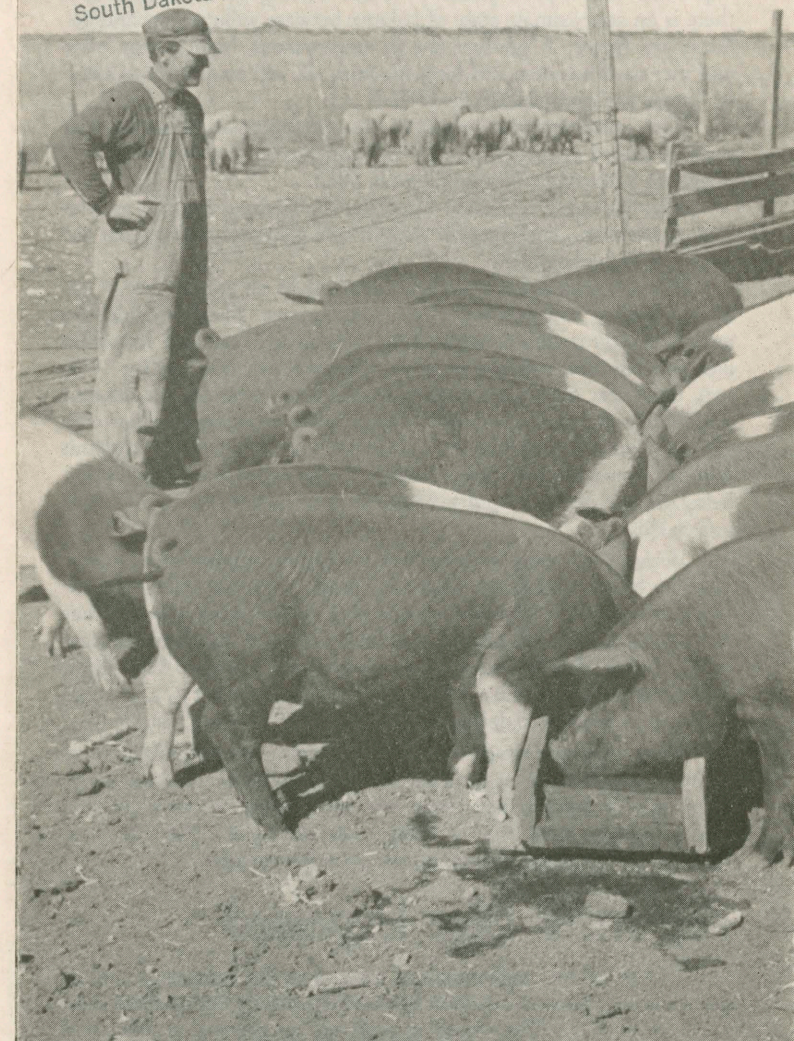
	Unit	1940	1944	1950	1951 (est.)
Gross national product (at 1951 prices)	Billion Dollars	196	318	300	326
Defense expenditures (at 1951 prices)	"	5	142	19	32
Personal incomes	"	78	166	225	251
Savings	"	3.6	35.4	14.7	15.4
Industrial production	1935-30 equals 100	125	235	200	221
Agricultural production	1935-39 equals 100	110	137	138	144
Wholesale prices	1910-14 equals 100	115	152	236	266
Cost of living	1935-39 equals 100	100	126	172	186
Prices received by farmers	1910-14 equals 100	100	196	256	299
Prices paid by farmers	1910-14 equals 100	124	182	255	281
Parity ratio	Percent	81	108	100	106
Weekly earnings (factory workers)	Dollars	25.20	46.08	59.23	64.48
People employed	Millions	50	60	60	61
Unemployed	Millions	8	0.7	3.1	1.9

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large but less than last year. The national minimum support price for 1952 is set at \$2.17 per bushel. If 90 percent of parity on July 15, 1952 is larger, the support price will be raised to that level. The price to farmers for the 1952 crop is expected to average near the support price.

During the first two years of the International Wheat Agreement exports of wheat and flour have been maintained at a greater volume than would have been possible in the absence of the agreement or a similar export program. The United States export quota is 250 million bushels per year. Exports in recent years have been much above the post-war years.

Flax and Soybeans

The demand for oil and meal is very strong and carryover of stocks will be reduced. The production of flax in 1951 was about 18 percent less than a year ago. The national average support price for flax for 1952 will be \$3.77 per bushel as compared with \$2.65 last year. With the stronger demand for flax and higher support levels more flax is likely to be produced next year.

Soybean production in 1951 is estimated to be about 6 percent less than the record crop of 1950. Prices of soybeans are likely to continue strong at current levels.

Grass and Legume Seeds

The production of major kinds of grass and legume seeds in 1951 was moderately smaller than a year ago. However, the carryover was larger so that total supplies should be adequate for most needs. Prices received by farmers in the fall of 1951 were generally lower than a year ago. Prospects are for some price increases.

Family Living Outlook

By NELLIE McLOUGHLIN Acting Home Demonstration Leader

Living Cost to Continue High

The family pocketbook in 1952 will be about as full as it was in 1951. Cost of living will continue high. There will be need for being quality conscious in all buying. There will be plenty of everything for everyone if we buy only what we need. Large consumer purchasing power by all groups because of full employment in defense efforts will keep up a high demand.

Foods will be plentiful. Prices will be high; any increase will be due to handling and processing rises. Meat will be more plentiful and remain high. A family garden will be valuable. Diets lack calcium, vitamins A and C.

Clothing and Textiles will be ample. Cottons will be high but retain quality. Rayons will be affected by the supply of sulphur. Wool should be adequate but the foreign producers have influenced the price.

Household equipment may present problems later in 1952 since it uses the steel, copper and aluminium which is needed for defense efforts. Stockpiles exist which will help. Furniture and household textiles will be no problem.

Building and remodeling can continue. Lumber will be available. Plywood since it substitutes for sheet metal may be more difficult to secure. Watch the quality in paint. Masonry, clay products, wall board and non-metallic roofing should be in good supply.

Family labor will be needed next summer, but no serious shortage is expected. Women will continue to work out of the home. One out of four married women worked outside the home in 1950. One out of ten farm wives worked out.

Community living will be affected by homemakers working and the changes in population. We have 55% more children under five years and 24% more in the five to nine year group. We also have 45% more people 75 years or older and 33% more 65 to 74 years old. Community planning for schools, churches, hospitals and recreation facilities should consider specific community problems.

The Outlook Suggests . . .

What course of action should farmers and ranchers and their families plan for in 1952? Of course, what individual farmers may plan to do will vary widely by areas and farms in the state. However, the outlook suggests that farmers should plan:

1. To operate the farm and ranch business on the probability that during at least the next two or three years the business activity will be high.
2. To operate the farm or ranch on a full production basis for the next two-three years. More emphasis should be given to a better balance between feed and livestock production.
3. To adopt improved crop and livestock production practices which are the main ways total agricultural production and gross farm income can be increased. It will pay to use adapted varieties, more nitrogen and phosphorus fertilizers where needed and recommended rotations. It will pay to cull beef herds closely and use balanced rations.
4. To buy farm machinery that can be used to save labor and used to increase the volume of business since labor will continue to be scarce.
5. To order as early as possible fertilizers, grass seeds, machinery, repairs, and other supplies needed for the coming year.
6. To borrow needed capital to carry on farm business efficiently or to make improvements necessary for efficient operations.
7. To use for livestock production all roughages produced on the farm for which there is no strong market.
8. To develop livestock enterprises which do not conflict with peak labor loads in crop production.

HOMEMAKER'S JOB IN 1952

1. Buy wisely and not more than she needs.
2. Curb credit and installment buying. Pay as she goes.
3. Produce and preserve her own food supply.
4. Choose electrical equipment wisely. Take good care of what she has.
5. Safeguard the family health and morals through a good diet, accident prevention, good care and health habits, desirable social and spiritual environment.