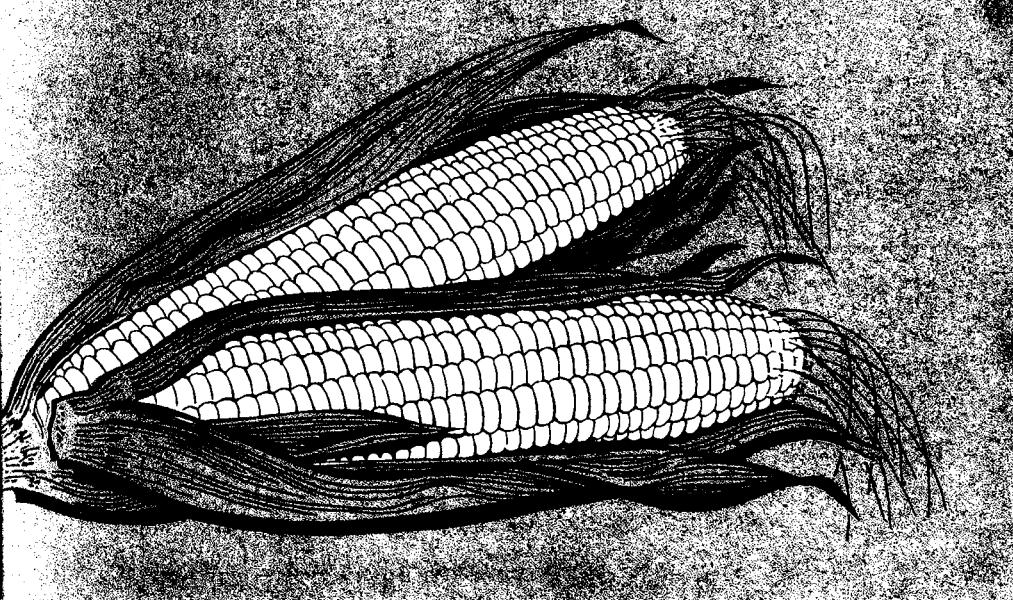


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# COSTS and RETURNS

Commercial  
Corn Belt  
Farms



1961

This report is part of a continuing nationwide study of costs and returns on farms and ranches by type and size in some of the important farming regions of the United States, conducted under the general supervision of Wylie D. Goodsell, Farm Economics Division, Economic Research Service. Objectives, methodology, procedure, and terms are uniform for all areas covered in the study.

Publications in this series are:

- Costs and Returns, Commercial Dairy Farms, Northeast and Midwest, 1961
- Costs and Returns, Commercial Corn Belt Farms, 1961
- Costs and Returns, Commercial Egg-Producing Farms, New Jersey, 1961
- Costs and Returns, Commercial Cotton Farms, 1961
- Costs and Returns, Commercial Tobacco Farms, Coastal Plain, North Carolina, 1961
- Costs and Returns, Commercial Tobacco-Livestock Farms, Bluegrass Area, Kentucky, 1961
- Costs and Returns, Commercial Wheat Farms, Plains and Pacific Northwest, 1961
- Costs and Returns, Western Livestock Ranches, 1961

Summary statistics for all types of farms in the series are presented in the annual report, Farm Costs and Returns, Commercial Farms, by Type, Size, and Location, Agriculture Information Bulletin No. 230, Revised, 1962. In this annual report, information is given for 1961 with comparisons with 1960 and 1959, and with the period 1957-59.

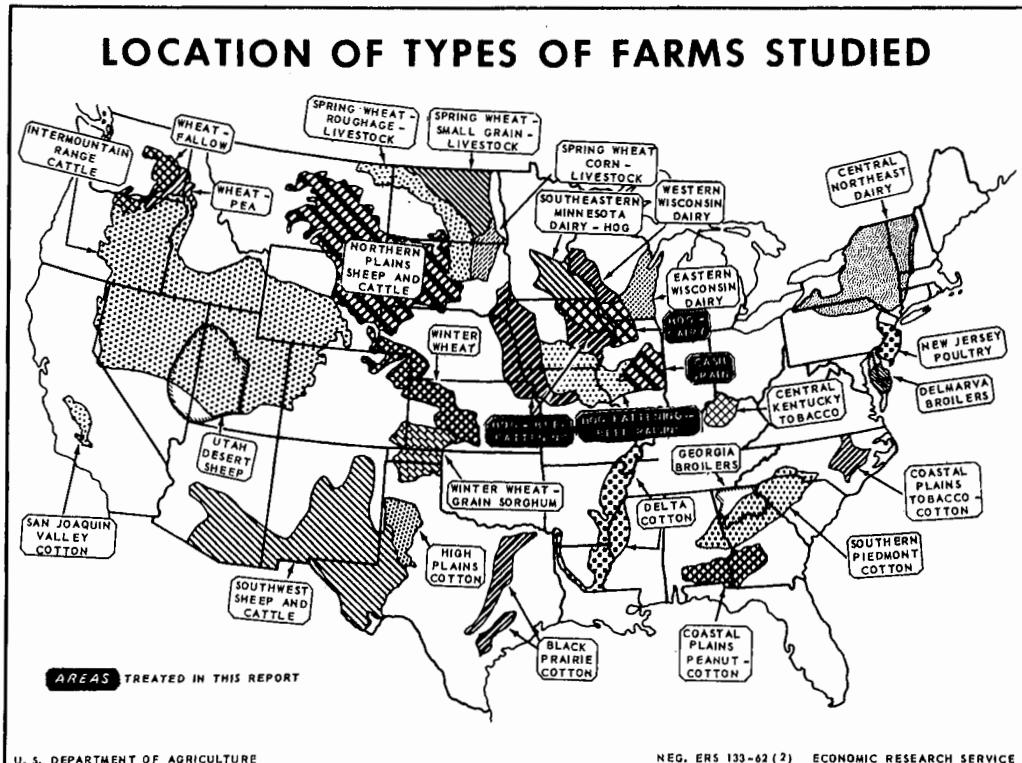


Figure 1.

# COSTS AND RETURNS, COMMERCIAL CORN BELT FARMS, 1961

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Costs and returns for four major types of commercial farms in the Corn Belt increased in 1961 over a year earlier (fig. 1 and table 1). Net farm income on these farms in 1960 and 1961 was:

<u>Farms</u>	<u>1960</u>	<u>1961</u>
Hog-dairy-----	\$4,807	\$6,174
Hog fattening-beef raising -----	3,225	3,982
Hog-beef fattening-	5,857	8,126
Cash grain -----	7,671	8,878

The increase in 1961 resulted largely from increased hog production, higher prices for hogs and soybeans, increased support rates and payments connected with the 1961 Feed Grain Program, and record or near record crop yields (table 2).

## Hog-Dairy Farms

On hog-dairy farms, increased production per farm and higher prices received for products sold were chiefly responsible for a 1961 net income more than a fourth higher than in 1960 (table 2).

Hog production declined during 1960 in response to relatively low prices during the fall of 1959, but increased in 1961 as a result of improved prices.

Number of dairy cows remained unchanged from 1960 to 1961. However, average production per cow increased almost 3 percent and raised total milk production per farm to an all-time high. Milk prices received were up in 1961, chiefly because of increased support rates for manufacturing milk.

Cash expenditures increased from 1960 to 1961. The 1961 Feed Grain Program reduced feed grain acreages, tending to hold down purchases of fertilizer and motor supplies, but average prices paid for production inputs were at a record high. Improved net incomes in 1961 stimulated investments in machinery, improvements, and repairs. Taxes also increased sharply over a year earlier.

## Hog Fattening-Beef Raising Farms

In 1961, net farm income on hog fattening-beef raising farms averaged about \$3,980 compared with \$3,225 in 1960. Increased hog production and higher prices were the major factors contributing to the increase. Hog production expanded during 1961 in response to the steady improvement in hog prices since the fall of 1959. Cattle prices averaged

Table 1.- Organization, costs, and returns, specified Corn Belt farms, 1960 and 1961

Item	Unit	Hog-dairy		Hog fattening-beef raising		Hog-beef fattening		Cash grain	
		1960	1961 <sup>1/</sup>	1960	1961 <sup>1/</sup>	1960	1961 <sup>1/</sup>	1960	1961 <sup>1/</sup>
Land in farm.....	Acre	178	182	251	259	216	221	248	254
Cropland harvested.....	do.	109	105	116	112	155	143	206	193
Crops harvested:									
Corn for grain.....	do.	47.0	44.0	45.8	38.6	96.9	84.2	100.8	81.0
Corn for silage.....	do.	4.0	3.0	2/	2/	2/	2/	2/	2/
Small grains.....	do.	25.1	27.0	19.1	20.0	30.6	31.0	35.1	30.8
Soybeans.....	do.	2/	2/	15.8	19.7	2/	2/	56.2	68.0
Hay.....	do.	32.9	31.0	35.3	33.7	27.5	27.8	13.9	13.2
All cattle on farm, Jan. 1.....	Number	32.9	33.3	36.7	38.9	68.2	72.1	17.7	18.0
Cows and heifers, 2 years and over.....	do.	18.0	18.0	20.0	19.9	6.2	6.1	7.6	7.7
Feeder cattle purchased.....	do.	2/	2/	2/	2/	55.4	59.3	2/	2/
Pigs raised.....	do.	127	143	98	113	162	187	35	38
Milk production per cow.....	Pound	7,350	7,560	2/	2/	2/	2/	2/	2/
Total labor used.....	Hour	4,440	4,260	3,540	3,530	4,150	4,200	3,220	3,130
Hired.....	do.	440	430	240	240	540	550	320	310
Total farm capital, Jan. 1.....	Dollar	56,620	56,720	49,780	51,500	84,060	86,770	109,670	105,940
Total cash receipts.....	do.	11,077	12,591	7,418	8,235	22,687	23,956	15,059	16,275
Crops.....	do.	1,052	889	1,536	1,167	1,301	0	12,375	12,575
Livestock and livestock products.....	do.	9,931	11,270	5,742	6,573	21,265	23,173	2,550	2,710
Other, including Government payments... 	do.	94	432	140	495	121	783	134	990
Total cash expenditures.....	do.	7,394	7,735	5,585	5,947	17,803	17,564	8,031	8,363
Feed purchased.....	do.	1,306	1,432	843	947	2,059	2,464	472	486
Livestock expense.....	do.	285	304	206	224	3/ 9,494	3/ 8,767	113	111
Fertilizer and lime.....	do.	350	355	407	487	400	383	930	973
Other crop expense.....	do.	443	409	324	316	478	450	539	550
Machinery.....	do.	2,837	2,993	2,232	2,279	2,782	2,823	3,129	3,253
Farm buildings and fences.....	do.	775	797	672	688	878	891	640	672
Taxes.....	do.	684	724	555	630	872	936	1,729	1,827
Other.....	do.	714	721	346	376	840	850	479	491
Net cash income.....	do.	3,683	4,856	1,833	2,288	4,884	6,392	7,028	7,912
Value of perquisites.....	do.	875	860	639	639	978	1,016	897	872
Change in inventory.....	do.	249	458	753	1,055	-5	718	-254	94
Net farm income.....	do.	4,807	6,174	3,225	3,982	5,857	8,126	7,671	8,878

1/ Preliminary. 2/ Not applicable. 3/ Includes purchased feeder cattle.

Note: Information presented here is on an owner-operator basis primarily for comparability between types of farms. Net farm income is the return to operator and unpaid members of the family for their labor and management on the farm and return to total capital. No allowance has been made for payment of rent, interest, or mortgage.

Table 2. --Crop yields, specified Corn Belt farms, 1960 and 1961

Crop	Unit	Hog-dairy		Hog fattening-beef raising		Hog-beef fattening		Cash grain	
		1960	1961 <sup>1</sup>	1960	1961 <sup>1</sup>	1960	1961 <sup>1</sup>	1960	1961 <sup>1</sup>
Corn grain...	Bushel	70.6	83.6	56.1	61.0	66.9	74.2	81.0	86.1
Corn silage..		Ton	11.9	15.7	--	--	--	--	--
Soybeans.....		Bushel	--	--	23.3	26.7	--	--	30.2
Oats.....		do.	44.7	52.6	38.3	40.4	45.8	47.9	60.8
Hay.....		Ton	2.7	2.5	1.8	1.9	2.4	2.4	2.1
Crop yields per acre...	Index, 1957-59=100	95	107	95	102	98	107	111	117

<sup>1</sup> Preliminary.

about 50 cents per hundredweight lower in 1961 than a year earlier, but increased production offset lower prices and raised receipts from the beef enterprise above 1960.

Soybean production increased almost 45 percent, whereas prices increased about 9 percent from 1960. Returns from this enterprise in 1961 were more than 50 percent higher than a year earlier.

Total operating expenses were 7 percent higher in 1961 than the year before. This was the seventh consecutive year that operating expenses had increased. Factors influencing the level of expenditures were greater purchases of feed and machinery and record-high average prices paid for production inputs. Livestock expenses and taxes also were higher.

#### Hog-Beef Fattening Farms

In 1961, net farm incomes on hog-beef fattening farms averaged about

\$8,125 per farm, an increase of about \$2,250 from 1960. However, the 1960 net return was the lowest since 1955.

Each year, operators of these farms buy 55 to 60 feeder cattle of approximately the same age and size as the cattle they have raised. Prices of feeder cattle have been relatively high in recent years. In fact, since 1959 these farmers have paid more per hundredweight for their feeders than they received for the fattened cattle sold around a year later (fig. 2). Part of the unusually big difference between prices paid for feeder cattle and prices received for fat cattle (price spread) that occurred in 1960 was erased in 1961 by the \$4.35 per hundredweight decrease in feeder cattle prices.

In 1961, total sales of both hogs and cattle on these farms were greater than in 1960. The more favorable prices received for hogs during 1960 and the anticipated

continuation of favorable prices were largely responsible for the increased hog production.

Because of the lower prices paid for feeder cattle in 1961, hog-beef fattening farmers were the only operators in the Corn Belt to show a decrease from 1960 in average prices paid for production inputs. Total operating expenses of these farmers were about \$230 lower in 1961 than in 1960. The main factor accounting for this decrease was the lower price paid for feeder cattle--even though more were bought during the 1960-61 feeding season, their average value was about \$775 lower than in 1960. However, most of this savings in expenditures was offset by other costs associated with increased production of both hogs and cattle.

#### Cash Grain Farms

Net farm income on cash grain farms in 1961 averaged about \$8,880 per farm, up approximately 16 percent from 1960. Increased receipts from the soybeans and wheat in 1961 were largely responsible for the gain. Soybean production was about a fifth higher than a year earlier. Higher support prices resulted in a 12-cent per bushel increase in prices received. Wheat prices were about 5 cents per bushel higher in 1961; the quantity sold was up over 45 percent from a year earlier. The net effect was an increase of \$365 per farm in receipts from wheat and \$1,000 from soybeans.

Corn acreage decreased about a fifth from 1960. However, higher

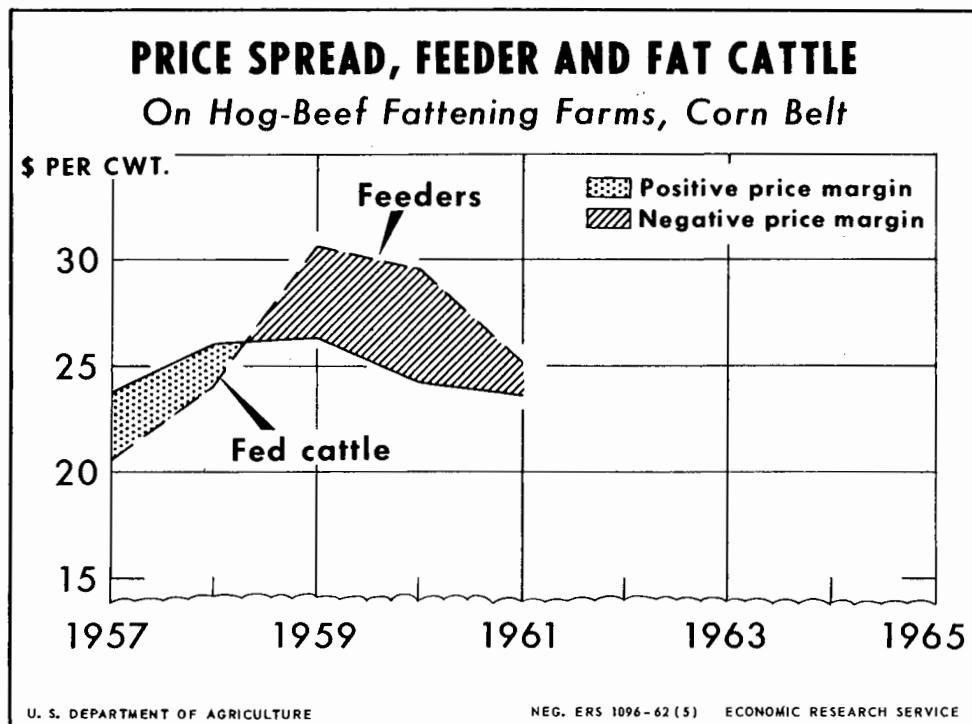


Figure 2

prices and higher yields along with Feed Grain Program payments held the income from the corn enterprise near the 1960 level.

Cattle and hogs are of minor importance on these cash grain farms. But despite a 60 cent decrease in cattle prices, higher production of both cattle and hogs together with an increase of \$1.20 in hog prices resulted in an increase of about \$200 per farm in livestock receipts.

Total farm expenses increased in 1961 to about \$8,365 per farm, thereby continuing their upward trend. Items causing the increase from 1960 were higher taxes, machinery purchases, and purchases of soybean seed. Although cash grain farmers participated more heavily in the Feed Grain Program than did operators of other Corn Belt farms, the reduction in acreage was not large enough to reduce expenditures for fertilizer or tractor operating costs below 1960.



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