

ECONOMIC FACTORS AFFECTING MALHEUR COUNTY'S RANCHERS

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has become a serious pest and must be combatted without question. Whether this can be done successfully by artificial means remains to be seen as does the matter of practical introduction of natural parasite and insect enemies of the weevil from Europe. The pest is certainly to be reckoned with, but it is entirely reasonable to think that it will be controlled if the production of hay is profitable enough to do so.

The question would then devolve itself into this: the prospective demand and market value of alfalfa hay in relation to costs of production. This naturally calls for an analysis of prospective markets and of costs of producing alfalfa hay under local conditions. I cannot assume to predict what the price of alfalfa hay will be over a term of

years in the future, but there are some phases of the subject which might well be considered in relation to it. Both market values and production costs are subject to various disturbing influences, such as we have during the high prices received in 1918-19 when costs were not as great as for the 1920 crop prices which went to pieces.

Under normal conditions, the value of Malheur county hay depends on three things: Range stock demands, farm stock demands, and shipping demands. The feed which will be consumed by range livestock is more or less in inverse ratio to the price of it and would normally be what can be fed profitably. Whether the average price of range livestock and products from the same will be sufficient to enable both livestockman and hayman to make a profit is questionable. If space permits, I believe that the following article written by Prof. E. L. Potter of the Animal Husbandry Department and printed in

the Western Breeders Journal will be of interest and value to both classes of producers:

"Many of the hay producers in eastern Oregon and Idaho feel that they are being robbed when they have to sell hay at \$7 a ton in the stack. We maintain that for raising cattle \$7 is all that the hay is worth with cattle at the prices they are now. We maintain that a cattlemen cannot afford to pay more for a ton of hay than he can get for 100 pounds of beef on the farm and that at present is not more than \$7.

The stockmen almost universally estimate that it requires at least one ton of hay to winter a cow. Some feed more than this. Actual experimental test shows that a 1000-pound cow fed one ton of hay in four months (16 2-3 pounds a day) will just hold her own in weight. If this ton of hay is spread over a longer time there will be a loss of weight. A calf fed one ton of hay in four months will gain a little in weight, but lose in condition. If given all he will eat it will take 1 1/4 tons for four months.

There are, of course, localities where it is not necessary to feed as long as four months, but there are many localities where a longer feed is necessary.

Cost of Raising a Calf

As indicating something of the costs of raising a calf the following estimate, or budget, is prepared.

Beginning November 1 with 100 cows at \$50 each:	
Interest on cows (8 per cent of \$5000)	\$ 400
Taxes on cattle	75
Death losses, 3 per cent	150
Bull charges	200
Riding and salt	250
Hay for winter, 100 tons at \$7	700
Labor of feeding hay at \$1.50	150
Pasture and range, 8 months at 50 cents	400
Total costs	\$2325

In order to cover this cost and thereby return interest on the investment and labor we would have to have a calf crop worth this amount, or \$2325. This would take 83 calves, weighing 400 lbs. each and selling for 7 cents a lb., or \$28 a head. A good calf ought to bring \$25 at present prices, but to start with 100 cows and a year later wean 83 calves would be far above the average. Where the cattle run on the open range for a good deal of the time 70 calves would be very good. Where the pasture charge might be a little less, but not much, because it is always necessary to provide some pasture other than open range for early and late use and in the open range districts the charges for such pasture often amount to \$4 a month. On the other hand, where the cattle spend the entire season in fenced range the 83 calves would be a possibility, but the pasture charges would be more. The investment in fenced pasture sufficient to run a cow will usually amount to \$100 a head. It will take 8 per cent to cover both interest and taxes, making the pasture cost \$8 a head instead of \$4, as given in the foregoing estimates. This would increase our budget by \$400 and our 83 calves would have to bring \$32.83 a head to cover the costs.

What \$10 or \$15 hay would do to this expense bill is plain enough. It is prohibitive.

Yearlings and 2-year-old steers may be grown at a little less cost per annum than the cost of running cows, but the annual cost will run under the conditions above outlined over \$20 a head and this means that a gain of 300 pounds a head must be obtained to pay the bill. Every cattlemen knows that 300 pounds a year is good gain to be made on one ton of hay and \$4 worth of pasture. Some stockmen do better than this, but at added costs. A great many do not do that well.

As a general rule the costs of operation in southeastern Oregon will be less than above outlined and the income also less, while in northeastern Oregon the costs will often be higher. These differences in costs lie mostly in the cost of summer grazing.

At any rate it will be seen that we are most conservative in saying that a cattlemen cannot afford to pay more for a ton of hay in the stack than he can get on the farm, for 100 pounds of beef."

Something of the attitude of the stockmen which may serve to shed light on the demands which will be made for hay hereafter may be gleaned from the resolution passed by the Oregon Horse and Cattle Growers association at its meeting in Canyon City on May 24 and 25. This attitude, together with the fact that great strides have been made in many sections which have heretofore been heavy hay buyers in developing their own feed supplies should at least be recognized by hay growers in considering future operations. Wallowa county alone purchased about three quarters of a million dollars worth of hay in 1919, a great deal of it from Malheur county. Today they have a substantial surplus, due to decreased numbers of stock to some extent but also due to the erection of scores of silos to hold sunflower ensilage. Other sections have increased the acreage under irrigation as we have our own. The resolution follows:

Whereas, there is an over-production of cattle in the Pacific Northwest; and

Whereas, we believe that it would be better to check the breeding of cattle instead of continuing to overstock the market; therefore

Be it resolved, by the Cattle and Horse Raisers' Association of Oregon, that the livestock men of the Pacific Northwest curtail production by eliminating all undesirable breeding stock, and cut down their herds so as to be within the carrying capacity of their own hay and pasture, and thereby produce better and fewer cattle for market.

Now as to the demands of farm livestock, there is at present very little farm livestock and whether

there will be more or less depends on the profits that can be made from them in the long run, although right now there are many obstacles in the way of an increase such as uncertainty of markets in the future and lack of finances to enable those who would otherwise increase their farm livestock. The point is, there is not sufficient farm livestock to cut much figure in consuming hay at present and until the numbers of farm animals are increased to make up for the falling off of range stock and the constant increase in acreage of hay, the consumption of hay where grown is not likely to equal the supply. If the crop continues to be grown on the present basis.

The third means of marketing hay, or the shipping demand, is a matter which may well be considered in relation to average values in the past and probable freight rates. We need not go much further with the argument than to say the present farm price of hay is about what the average farm price of hay was over a term of years just preceding the War. Freight rates are higher and whether they will continue so or not remains to be seen. However, if freight rates were reduced to pre-war levels, it would hardly be profitable to ship hay from this section at present prices. This need be argued no further than to call attention to the fact that very little hay was ever shipped from this section previous to the high price period of the War, regardless of how low prices were here.

Now as to the cost of producing hay, there is much difference of opinion as there may well be, for we have a great diversity of farms both in size and soil quality. Also farmers differ in ability to produce economically, and there are other factors which effect the cost such as land values, cost of water, etc. However, from studying a large number of farms and taking the average, I have arrived at the following as the overhead cost per ton on a typical 40-acre farm managed as efficiently as could be expected.

Interest on investment in land and buildings, \$8000.00 at 7%	\$ 560
Interest and depreciation on work stock, machinery and equipment, \$700.00 at 20%	140
Taxes, county and state	100
Water	200
Total	\$1000

Average yield of 40, less horse feed, 165 tons.
Average overhead cost, \$6.00

These figures are more than conservative, unless it is to be argued that the average forty acre farm is not worth \$8000.00. But to offset any conclusion which might result from such argument, let it be remembered that this is an average and not a "bulk line" overhead cost, by which I mean that a figure of this kind should be so set that 50 per cent of the farmers would be able to produce at cost or above, whereas an "average" means that one half of the farmers are producing at a loss and that cannot endure, particularly under irrigation districts where the success of the entire project is dependent on the success of most of the individuals under it. Allowing for the bulk line estimate and adding on a little for insurance on hay and insurance and depreciation on farm buildings, etc, we can place the overhead cost on the 40-acre farm at about \$7.00. Allowing the modest labor income for the operator, whether owner or tenant, at \$60.00 per month, the cost per ton would be increased by \$4.25, making the total cost per ton \$11.25. This figure is considerably below "bulk line costs" for 1920, but it is given as a figure which might be approximated in future operations. It may be taken for what it is worth in connection with hay values for beef production as given by Prof. Potter.

Now this article has gone rather lengthy, but I do not want to close without commenting on your closing paragraph. I quite agree with you that the problem is one which the farmers must solve, in the main "with such help as the business men can legitimately give them." Also, your suggestion that the nature of this help should be suggested by the farmers who best know the needs, shows appreciation on your part of the fact that farmers know their business better than most business men give them credit for. However, it seems to me that the agricultural situation in the county is well worth some honest-to-goodness consideration by the business men and a real manifestation on their part that they are ready to cooperate with the farmers in putting across some worthwhile propositions for the general welfare. Otherwise, we may see business men looking for new locations, just as some of our farmers are talking of at present.

If we must have more dairy cows, pigs and chickens, then we must also have more farm capital, more farmers on the farms, and more cows, pigs and chickens. The average man on the farm today could not expand his business by two or three times in order to feed all his crops to livestock. He hasn't enough capital to even produce the crops in many instances. If he allowed part of his land to lie idle in order to divert his attentions to the dairy business, who would pay the interest, water, and taxes and what would happen to all of our irrigation districts upon which the very life of the whole county depends? Even those who would embark on diversified farming and farm livestock keeping cannot always do so. I believe that what is needed is some constructive action on the fundamental needs of the whole community and the business men might well take a prominent part in some enterprise to actually place high class stock within the reach, both financially and physically, of those of the farmers who now desire it, and to bring to the county more men who want to farm under the diversified plan, thus making it more nearly possible to follow the excellent advice of "Farmer" Smith and actually do some of these things.

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