

## FARMERS AND FARM PRODUCTION

**Capital requirements.**—Capital requirements are high for a broiler operation large enough to provide a satisfactory income for a farm family. Most operators find it necessary to borrow funds for both fixed and working capital. Fixed capital includes mainly capital for land, buildings, and equipment. Short-time or working capital includes feed, fuel, litter, chicks, and medicine.

Investment in buildings and equipment varies greatly from flock to flock, depending upon the type and quality of building and the amount of equipment. If automatic feeding and watering equipment is used, the costs of equipment are naturally higher than if manual equipment is used. But automatic equipment reduces the costs of labor, especially on the larger operations.

As the capital requirement is relatively high, most broiler operators have to borrow a considerable part of it. This is especially true of the requirements for chicks and feed. The method and extent of financing broiler production might be called unique. A large proportion of the required capital is *operating capital*, consisting of feed, chicks, medicine, fuel, and litter. As the production period for a batch of broilers is about 10 to 12 weeks, short-term operating capital is needed in cycles during 3 or 4 production periods of the year. Peak requirements are reached just before the broilers are marketed.

Few broiler growers have enough funds to finance a large-scale operation and some of those who do prefer to be financed by others rather than take all the risk themselves. Feed dealers and others not engaged in farming often provide these funds. Financing is generally carried out under one of four methods: Open account, share contract, flat fee, or labor contract. The most common source of finance is through the dealer who supplies the grower with feed. (See bulletin no. 470, October 1954, Agricultural Experiment Station, Virginia Polytechnic Institute for a description of method of farming.)

**Broiler chicks.**—Production of hatchery eggs for broiler chicks is an important phase of the broiler industry. To supply the

chicks, hatcheries must obtain the necessary number of eggs from broiler breeds and strains. The job of supplying eggs consists not only of producing the eggs but also of doing experimental breeding work necessary to develop the type of chick that will have a high efficiency in feed conversion and will reach market weight early.

In developing "breeding hens," consideration must also be given to the development of a strain that will have a high rate of lay in order that hatching eggs can be produced as cheaply as possible.

**Prices of live broilers compared with retail prices of broilers and other meats.**—Prices for broilers have dropped significantly during the last 3 years. Figure 9 shows the trends of the farm and retail prices of broilers from January 1953 through August 1956. To make for better comparison in the chart, the retail prices were decreased by 25 percent to allow for actual shrinkage in the process of dressing. With this adjustment, the trend of price comparisons is somewhat more easily seen than if actual retail prices were used.

It is significant that the two trend (straight) lines are almost exactly parallel, showing that the farm prices of the live birds and the retail prices of the "ready to cook" broilers have decreased by a like amount since January 1953.

In figure 10 retail prices of round steak, rib roast, and broilers, from January 1953 to September 1956, are compared. Prices of round steak and rib roast declined in about the same degree. Prices of broilers declined at a much more rapid rate than the prices of round steak and rib roast and reached an all time low in September 1956.

Even though prices for broilers are highly competitive there is a distinct spread in retail prices between cities in some parts of the country. Since January 1953, prices have been distinctly higher in Seattle than in Minneapolis and much higher than in Washington, D. C. (See figure 11.)

Table 13.—UNITED STATES AVERAGE PRICES OF LIVE BROILERS PER POUND, AND BROILER RATION PER HUNDRED POUNDS, BY MONTHS AND ANNUAL AVERAGES: JANUARY 1947 THROUGH SEPTEMBER 1956

Year	January	February	March	April	May	June	July	August	September	October	November	December	Weighted average
Cents per pound, live weight of broilers													
1947.....	29.8	25.6	29.4	30.8	32.1	32.6	32.8	34.0	36.3	35.1	32.0	35.5	32.3
1948.....	37.2	34.5	36.3	37.4	37.5	38.2	36.4	36.6	36.2	33.2	32.5	34.0	36.0
1949.....	31.1	28.4	30.0	30.2	27.4	26.1	26.7	29.3	28.6	27.3	28.4	25.6	28.2
1950.....	21.3	26.1	29.6	28.9	27.7	27.1	29.6	31.0	29.9	26.5	25.7	24.2	27.4
1951.....	26.4	29.2	30.8	30.5	28.8	29.7	29.3	29.7	29.1	26.4	25.7	25.7	28.6
1952.....	28.8	29.3	28.1	27.1	25.3	26.8	29.3	31.0	31.3	29.1	31.6	29.7	28.8
1953.....	27.9	27.7	28.1	28.0	27.2	26.2	28.3	27.9	27.1	26.7	26.0	23.2	27.1
1954.....	24.2	22.6	23.5	24.3	23.7	24.4	25.4	24.9	23.0	21.0	20.1	19.2	23.1
1955.....	24.4	25.4	29.7	28.4	27.0	27.2	26.5	26.9	25.2	22.0	21.2	19.4	25.2
1956.....	20.3	21.4	21.9	20.5	21.1	19.9	21.7	19.6	18.3	.....	.....	.....	.....
Year	January	February	March	April	May	June	July	August	September	October	November	December	Average
Dollars per hundred pounds of feed													
1947.....	4.65	4.55	4.80	4.95	4.90	5.05	5.20	5.45	5.65	5.80	5.85	5.95	5.23
1948.....	6.15	5.95	5.85	5.85	5.80	5.75	5.70	5.30	5.10	4.95	4.90	4.95	5.52
1949.....	4.90	4.80	4.80	4.85	4.85	4.80	4.90	5.00	4.95	4.85	4.75	4.75	4.85
1950.....	4.75	4.70	4.70	4.80	4.95	4.95	5.05	5.15	5.00	4.95	5.00	5.05	4.92
1951.....	5.20	5.25	5.35	5.30	5.35	5.30	5.35	5.35	5.35	5.45	5.50	5.55	5.36
1952.....	5.80	5.65	5.65	5.70	5.70	5.70	5.65	5.70	5.75	5.65	5.55	5.50	5.65
1953.....	5.46	5.38	5.34	5.32	5.28	5.26	5.23	5.23	5.22	5.14	5.09	5.23	5.26
1954.....	5.23	5.26	5.32	5.41	5.51	5.39	5.35	5.39	5.33	5.19	5.17	5.18	5.31
1955.....	5.20	5.18	5.15	5.13	5.08	5.02	5.02	4.95	4.85	4.88	4.77	4.78	5.00
1956.....	4.79	4.81	4.81	4.91	5.02	5.06	5.08	5.10	5.05	.....	.....	.....	.....

Source: Agricultural Marketing Service, U. S. Department of Agriculture.