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June, 1936

Extension Circular 807-35
1935

Eleventh
Annual Farm Business Report

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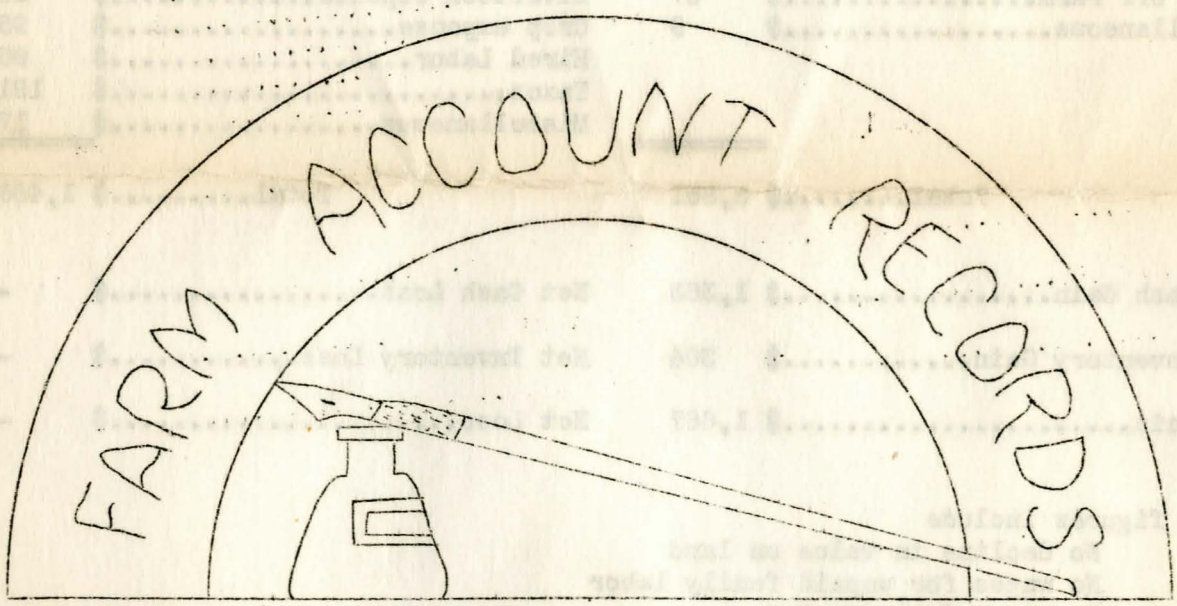
Twenty-Seven Douglas County Farms

1935



A Farm Account Book serves to show

Where the biggest dollars grow.

Nebraska
COOPERATIVE EXTENSION WORK
IN AGRICULTURE AND HOME ECONOMICS
U. of N. Agr'l College & U. S. Dept. of Agr. Cooperating
W. H. Brokaw, Director, Lincoln

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DOUGLAS COUNTY
FINANCIAL STATEMENT

1935
Average of 27 Farms

INVENTORY GAINS		INVENTORY LOSSES	
Livestock	$ 402	Livestock	$ -
Feed, Grain and Supplies	$ -	Feed, Grain and Supplies	$ 108
Machinery and Equipment	$ 63	Machinery and Equipment	$ -
Farm Improvements	$ -	Farm Improvements	$ 53
Total	$ 465	Total	$ 161

CASH INCOME		CASH EXPENDITURES	
Livestock & their products	$ 2,053	Livestock bought	$ 432
Feed, Grain and Supplies	$ 700	Feed bought	$ 275
Machinery and Equipment	$ 52	Machinery expense	$ 330
Farm Improvements	$ -	Farm Improvements	$ 32
Labor off Farm	$ 37	Livestock expense	$ 20
Miscellaneous	$ 9	Crop expense	$ 95
		Hired Labor	$ 96
		Taxes	$ 191
		Miscellaneous	$ 17
Total	$ 2,851	Total	$ 1,488

Net Cash Gain	$ 1,363	Net Cash Loss	$ -
Net Inventory Gain	$ 304	Net Inventory Loss	$ -
Net Gain	$ 1,667	Net Loss	$ -

Above figures include
- No decline in value on land
- No wages for unpaid family labor
- No wages for operator
- No interest on investment
- No interest actually paid

The above Financial Statement supplements this circular. It shows in summarized form the inventory gains and losses, the cash received and paid out, as well as the net gain or loss in inventories and cash. Figures are for the entire farm. One statement showing average figures for the entire group is shown. An additional statement appears in the circulars sent to cooperators showing figures for their individual farms.

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TABLE I. SUMMARY OF 27 FARM BUSINESS RECORDS IN DOUGLAS COUNTY, 1935

Factors useful in analyzing the farm business		Your farm	Average of 27 farms	9 Most profitable farms	9 Least profitable farms
Size of farm--Acres			149 a.	178 a.	148 a.
Acres in crops			111 a.	139 a.	101 a.
Per cent of land area tilled			78.3 %	81.0 %	70.1 %
Gross receipts per acre	$		$ 16.11	$ 20.97	$ 10.82
Total expenses per acre	$		8.99	8.92	8.68
Net receipts per acre	$		7.12	12.05	2.14
Land investment per acre	$		107	108	102
Total investment per acre	$		146	149	139
Acres in Corn			49 a.	60 a.	41 a.
Oats			18 a.	22 a.	19 a.
Wheat			9 a.	14 a.	8 a.
Alfalfa			12 a.	14 a.	11 a.
Yields per acre--Corn			28.0 bus.	30.0 bus.	25.3 bus.
Oats			36.2 bus.	41.6 bus.	33.5 bus.
Wheat			16.5 bus.	16.9 bus.	18.9 bus.
Alfalfa			2.2 bus.	2.6 bus.	1.6 bus.
Returns per $100 feed fed to productive live stock	$		$ 163	$ 179	$ 123
Returns per $100 invested in:					
All productive live stock	$		187	213	135
Cattle	$		150	181	91
Hogs	$		206	194	245
Poultry	$		376	470	251
Dairy sales per cow	$		76	91	49
Receipts from productive live stock per acre	$		13.68	19.05	8.70
Investment in productive live stock per acre	$		7.33	8.96	6.43
Man labor cost per $100 gross income	$		29	22	42
Man labor, power, & machinery cost per $100 gross income	$		44	33	66
Man labor cost per acre	$		4.62	4.63	4.60
Total feed cost for horses	$		155	158	174
Power and machinery cost per acre in crops	$		3.36	2.88	3.68
Expense per $100 gross income	$		56	43	80
Farms with tractors			15	8	4

TABLE I. Concluded Year: 1935 County: Douglas

Item		Your farm	Average of 27 farms	9 Most profitable farms	9 Least profitable farms
Capital Investments					
Land	$		$ 15,955	$ 19,210	$ 15,065
Farm improvements	$		2,363	2,638	2,512
Horses	$		340	291	356
Cattle	$		689	846	664
Hogs	$		281	557	217
Sheep	$		33	92	8
Bees	$		2	-	6
Poultry	$		84	98	58
Live Stock--total	$		1,429	1,884	1,309
Machinery and equipment	$		980	1,194	971
Feed, grain, and supplies	$		992	1,544	782
Total	$		21,719	26,470	20,639
Receipts--Net Increases					
Horses	$		$ -	$ 17	$ -
Cattle	$		368	578	266
Hogs	$		580	1,080	530
Sheep	$		107	316	6
Bees	$		-	-	1
Poultry	$		92	97	27
Egg sales	$		222	364	118
Dairy sales	$		663	951	341
Live stock--total	$		2,032	3,403	1,289
Feed, grain, and supplies	$		316	254	281
Labor off farm	$		37	53	26
Miscellaneous receipts	$		9	18	6
Total	$		2,394	3,728	1,602
Expenses--Net Decreases					
Farm improvements	$		$ 91	$ 130	$ 66
Horses	$		9	-	10
Misc. live stock decreases	$		-	-	-
Machinery and equipment	$		208	258	186
Feed, grain and supplies	$		-	-	-
Live stock expense	$		20	31	17
Crop expense	$		95	82	114
Hired labor	$		96	109	105
Taxes	$		191	217	180
Miscellaneous expenses	$		17	17	20
Total	$		727	844	698
Receipts Less Expenses	$		1,667	2,884	904
Total unpaid labor	$		609	742	587
Net income from investment and management	$		1,058	2,142	317
RATE EARNED ON INVESTMENT		%	4.28 %	7.94 %	1.07 %
Return to capital and operator's labor & management	$		$ 1,535	$ 2,614	$ 797
5% Interest on investment	$		1,086	1,324	1,032
Labor and Management Wage	$		449	1,290	-235

TABLE II. THERMOMETER CHART. The numbers between the lines across the middle of the page are the approximate averages in Douglas county of the factors named at the top of each column. The numbers set off by lines across the top of the page show the highest efficiency attained by cooperators in these factors. Those similarly indicated at the bottom of the page give the lowest efficiency shown by the records used in this study. The columns are independent of each other and each may be considered as a thermometer of efficiency. By drawing a line across each column at the number nearest approaching the figure for your farm in that factor (See Table I), you can compare your efficiency with that of other farms included in this study.

Rate earned on invest-ment	Bushels per acre			Returns per $100 invested			Returns per $100 worth of feed fed	Power and machinery cost per acre in crops	Man labor cost per acre	Expense per $100 gross income	Gross receipts		Size of farm acres
	Corn	Oats	Alfalfa	Cattle	Hogs	Poultry					Per acre	Per farm	
HIGH													
13.36%	50	60	4.3	$283	$412	$638	$250	$ .58	$2.36	$26	$23.84	$4,491	301
11.28	49	57	3.6	276	388	-	233	.70	2.38	28	23.11	4,004	261
10.28	46	54	3.4	258	362	616	223	1.08	2.70	32	22.11	3,774	245
9.28	43	51	3.2	240	336	576	213	1.46	3.02	36	21.11	3,544	229
8.28	40	48	3.0	222	310	536	203	1.84	3.34	40	20.11	3,314	213
7.28	37	45	2.8	204	284	496	193	2.22	3.66	44	19.11	3,084	197
6.28	34	42	2.6	186	258	456	183	2.60	3.98	48	18.11	2,854	181
5.28	31	39	2.4	168	232	416	173	2.98	4.30	52	17.11	2,624	165
AVERAGE													
4.28	28	36	2.2	150	206	376	163	3.36	4.62	56	16.11	2,394	149
3.28	25	33	2.0	132	180	336	153	3.74	4.94	60	15.11	2,164	133
2.28	22	30	1.8	114	154	296	143	4.12	5.26	64	14.11	1,934	117
1.28	19	27	1.6	96	128	256	133	4.50	5.58	68	13.11	1,704	101
.28	16	24	1.4	78	102	216	123	4.88	5.90	72	12.11	1,474	85
-.72	13	21	1.2	60	76	176	113	5.26	6.22	76	11.11	1,244	69
-1.72	10	18	1.0	42	50	136	103	5.64	6.54	80	10.11	1,014	53
-2.72	7	15	.8	-	24	96	93	6.02	6.86	84	9.11	784	-
LOW													
-5.49	7	6	.5	37	11	22	79	6.69	7.50	96	7.15	533	53

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ELEVENTH
ANNUAL FARM BUSINESS REPORT
DOUGLAS COUNTY, NEBRASKA, 1935

Ramey C. Whitney*

Farm business earnings in Douglas county during the year 1935 were more favorable than during the year 1934. The earnings were about the same as those in 1933 but considerably greater than the earnings during the years 1931 and 1932 according to farm account cooperators' records. The majority of farmers in Nebraska had more favorable conditions in 1935 than during the preceding year. However, in certain areas of the state conditions were worse. The late and wet spring delayed corn planting and prolonged the wheat growing period. The corn was immature when the fall freezes came and thus a high percentage of the corn contained excessive moisture. Black stem rust reduced wheat yields and the wheat was generally of poor quality. Oats, barley, and hay crops yielded well. The prices of the feed crops, corn, oats, barley, and hay, declined materially during 1935 while the prices of livestock increased slightly. Prices of butter and eggs were firm. Benefit payments on wheat, corn, hogs, and sugar beets increased the farm earnings. The purchasing power of farm products increased from 73 per cent of prewar in 1934 to 86 per cent during 1935 in the United States.

Twenty-seven farm account records in Douglas county are summarized in this report. All figures given in this report pertain to the farm business as a whole. Each tenant may find his share by inspection of pages 38 and 39 of his farm account book. The basis for determining the most profitable and least profitable farms is the rate earned on the investment. In general, the investment is the value of the land plus the beginning inventory values of buildings, livestock, machinery, and feeds. The net farm gain or receipts less expenses is determined by subtracting the expenses and beginning inventory values from the receipts and ending inventory values. The rate earned on the investment is computed after deducting the unpaid labor and board for hired labor from the net farm gain. Unpaid labor was valued at $40 per month in this study. The cash cost of board for hired help was estimated at $7.00 per month. Besides the rate earned on investment as a measure of farm earning we have a method for determining the earnings of the farm operator. The operator's labor and management wage is found after deducting five per cent of the investment and an allowance for unpaid family labor (other than labor of the operator) from the net farm gain.

The financial statement on page 1 of this report gives data concerning the average figures for the 27 farms. Table I on pages 2 and 3 gives additional information relative not only to the averages of the 27 farms but also to the average figures for the 9 most profitable and 9 least profitable farms. Table II on page 4 is a chart used largely for the purpose of measuring relative efficiency as explained in the heading of the table.

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*Acknowledgement is made of the cooperation of the Douglas county farmers who submitted their farm business records for this report and of G. E. Scheidt, Agricultural Agent, who directed the work in Douglas county.

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OPERATING EFFICIENCY AND FARM RETURNS

There are many factors which influence gains and losses in a farm business. The following discussion gives the rate earned on investment, the labor and management wage, and other information concerning the 27 Douglas county farms when grouped on the basis of acres in crops, corn yields, returns from feed fed, man labor cost, power and machinery cost, and returns per unit of investment in productive live stock.

ACRES IN CROPS. In this first tabulation the 27 farms are listed in three groups. The first group represents those farms having less than 90 acres in crops. The acres in crops of the second group range from 90 to 130 acres. The third group

Size of Business and Farm Returns

Number of farms	Range in crop acres	Crop acres	Total acres	Number of cattle	Number of hogs	Rate earned	Labor and management wage
9 Low	Less than 90	62	79	12	11	1.84%	$ 77
9 Medium	90 to 130	110	148	21	27	6.09	774
9 High	130 and over	160	218	22	24	4.91	497

consists of the 9 farms with the highest crop acres, 130 acres and over. The average acres in crops of these three groups are 62, 110, and 160, respectively. The rate earned on investment of these three groups was 1.84, 6.09, and 4.91 per cent. The labor and management wage for the same groups was $77, $774, and $497. Farmers with the least acres in crops earned the lowest labor and management wage. It is logical to conclude that farmers who cultivated over 90 acres in crops and who received fair crop yields had a decided advantage over those farmers with fewer acres in crops. The fact that the rate earned on the investment was highest on the farms with medium acres in crops indicates that there were other factors of importance within the farm organizations besides the crop acres which influenced the profits of the farm business. These are considered in this study.

CROP YIELDS. Ordinarily the higher the crop yields on an individual farm the greater the returns. Obviously, it costs less per unit of a product to produce a 40 bushel crop of corn than a 20 bushel crop. Also there is a larger amount of grain to feed or sell. Corn for grain is the most important crop enterprise in Douglas county. It makes up 44 per cent of the crop acreage. Thus, the farms are grouped into three groups upon the basis of corn yields as given in the following table:

Corn Yields and Farm Returns

Number of farms	Range in yields	Yields per acre	Acres in corn	Per cent crop acres in corn	Number of cattle	Number of hogs	Rate earned	Labor and management wage
9 Low	Less than 24	18.1	39	38.4	23	29	3.51%	$348
9 Medium	24.1 to 32.5	27.3	54	47.8	19	12	3.93	314
9 High	32.6 and over	37.1	55	49.6	14	20	5.40	686

The 9 farms upon which were raised less than 24 bushels of corn per acre had an average corn yield of 18.1 bushels per acre and had an earning of 3.51 per cent on the investment. The second group of farms with a range of corn yields of 24.1 to 32.5 and an average yield of 27.3 bushels per acre had an earning of 3.93 per cent on the investment. The rate earned on the investment of those farms with over 32.6 bushels per acre was 5.40 per cent. This table indicates that the farms with the highest corn yields had likewise the greatest earning on the investment. The operators of the third group of farms earned more for their labor and management than the farm operators in the first and second groups. Considerable livestock was produced on the low corn yielding farms. Since feeding operations were profitable on these farms the earnings compared favorably with the earnings on those farms of higher corn yields.

FEED EFFICIENCY. The 27 Douglas county farms are grouped in the following discussion on the basis of returns per $100 worth of feed fed to the productive livestock. These returns are determined by subtracting the sum of the beginning inventory values of all classes of productive livestock and the livestock purchases from the sum of the sales of the productive livestock and livestock products and the closing inventory values of the livestock. The productive livestock consist of all classes of livestock except horses and mules. The value of feed fed is given on page 46 of each individual cooperator's farm account book.

It is evident by an inspection of the following table that the livestock enterprises on most of the Douglas county farms in 1935 were of sufficient magnitude to influence materially the returns of the farm businesses:

Returns from Feed Fed and Farm Returns

Number of farms	Range in returns per $100 feed fed	Returns per $100 feed fed	Number of cattle	Number of hogs	Returns per acre from productive livestock	Rate earned	Labor and management wage
9 Low	Less than $143	$114	18	8	$10.28	2.56%	$123
9 Medium	$143 to $190	166	16	25	13.67	4.14	317
9 High	$190 and over	222	21	29	18.25	6.14	908

The 9 farms in the first group which had less than $143 and an average of $114 returns for each $100 worth of feed fed to productive livestock had an earning of 2.56 per cent on the total farm investment. The 9 farms in the second group which had a range in returns per $100 worth of feed fed from $143 to $190 and an average return of $166 had an earning of 4.14 per cent on the investment. The third group of farms wherein the returns per $100 worth of feed fed exceeded $190--the average being $222--had an earning of 6.14 per cent on the farm investment. The operators' labor and management wage increased parallel to the increase in the returns per $100 worth of feed fed. It is of interest to note that the second group of farms having greater returns from feed fed to productive livestock in comparison with the first group, had also a larger number of animal units on the farms. More cattle and hogs were carried in the inventories of the third group of farms than the second. The double feature of having an increase in the size of the livestock enterprise while at the same time getting greater returns from the feed operations indicates one reason why the labor and management wage was higher in the second and third groups of farms. The average returns of $163 per $100 worth of feed fed for the 27 farms in Douglas county was higher than it was during the four preceding years. According to the Farm Business Reports for Douglas county from 1931 to 1935 inclusive the average returns were $82, $134, $145, $117, and $163 respectively.
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LABOR EFFICIENCY. The efficient utilization of labor depends largely upon the organization of farm enterprises so that the farm operator's work will be distributed as evenly as possible thruout the year. The use of labor saving machinery, where it can be used at an advantage, is an important factor in reducing labor costs. The figures given in the following table indicate the earnings of three groups of farm businesses which are classified on the basis of man labor cost per acre.

Man Labor Cost Per Acre and Farm Returns

Number of farms	Range in man labor costs	Man labor costs per acre	Total acres	Crop acres	Number of cattle	Number of hogs	Rate earned	Labor and management wage
9 Low	Less than $4.15	$3.54	206	147	24	18	5.26%	$560
9 Medium	$4.15 to $5.90	4.96	152	117	17	20	4.56	408
9 High	$5.91 and over	7.29	88	68	15	24	3.03	380

It is apparent that the farms with the lowest labor costs per acre had the highest rate earned on the farm investment and the operators secured the highest labor and management wage. The reverse was true in case of those farms with the highest labor costs. Those farms which had the highest man labor cost per acre were the smallest sized farms. There was no material difference in the number of animal units produced in either of the three groups of farms.

POWER AND MACHINERY EFFICIENCY. The expenses for power and machinery include a charge for feed fed to horses and mules and for depreciation and losses on workstock; out-of-pocket expenditures for gas, oil, grease, and repairs, and an allowance for depreciation on machinery; and that portion of the auto expense charged to the farm business. A careful selection of the proper size and type of machinery for each individual farm and the proper care of machinery is of significance providing the farmer desires to keep power and machinery costs per crop acre at a minimum. The following table indicates the rate earned on the investment and the labor and management wage for the Douglas county farms classified on the basis of power and machinery cost per acre in crops.

Power and Machinery Cost and Farm Returns

Number of farms	Range in power and machinery costs per acre in crops	Power and machinery costs per acre in crops	Crop acres	Investment in power and machinery	Rate earned	Labor and management wage
9 Low	Less than $2.60	$1.81	125	$1,303	5.06%	$666
9 Medium	$2.60 to $4.00	3.15	105	1,330	3.11	224
9 High	$4.00 and over	5.58	102	1,328	4.67	459

The 9 low cost farms which had a power and machinery cost of less than $2.60 per acre in crops had an earning of 5.06 per cent on the farm investment. The second group of 9 farms upon which the power and machinery costs ranged from $2.60 to $4.00 per acre had an earning of 3.11 per cent. The high cost farms with a power and machinery cost of $4.00 and over per crop acre had an earning of 4.67 per cent. The labor and management wage figures for the first, second, and third groups of farms were $666, $224, and $459 respectively. The second groups of farms which had a higher power and machinery cost per acre than the first group had lower earnings. The most important reason why the third group of farms had greater earnings

than did the second group was because the third group realized a larger profit from a greater investment in livestock. This advantage exceeded the disadvantage of having higher power and machinery costs. The feeding of livestock requires additional power and machinery expenses. Additional machine expenses per acre are justified providing these additional costs enable the farm operator to obtain higher net returns from his farm business. An additional enterprise on a farm which requires more hours of work per machine usually decreases the cost per unit of work done on the farm because a portion of the overhead expenses of farm machinery continue whether the machine is used little or much. If the additional enterprise just pays all expenses the increased efficiency of other factors in the farm business increases the total net gain by reducing costs.

RETURNS PER UNIT OF INVESTMENT IN LIVESTOCK. The following table indicates the rate earned on the farm investment, the operator's labor and management wage, and other information for the three groups of farms classified on the basis of returns per $100 invested in productive livestock.

Returns from Productive Livestock and Farm Returns

Number of farms	Range in returns per $100 invested in productive livestock	Returns per $100 invested in productive livestock	Per cent productive livestock of total investment	Per cent hog investment of productive livestock	Per cent cattle investment of productive livestock	Rate earned	Labor and management wage
9 Low	Less than $175	$129	5.62%	14.80%	78.09%	1.74%	$-111
9 Medium	$175 to $225	201	5.78	27.03	63.45	6.53	1,012
9 High	$225 and over	263	3.64	20.31	61.67	4.57	447

The 9 farm organizations in the first group wherein returns per $100 invested in productive livestock were $175 and less had an earning of 1.74 per cent on the total farm investment. The second group of farms which had a range in returns per $100 invested in productive livestock from $175 to $225, or an average of $201 returns, had an earning of 6.53 per cent. The 9 farms in the third group had returns ranging above $225 for each $100 invested in productive livestock and had an earning of 4.57 per cent on the farm investment. The labor and management wages were -$111, $1,012, and $447 respectively for the three groups of farms. It is apparent that the first group of farmers who received the least returns per unit of investment in livestock received the lowest average returns on the total farm investment. The middle group of farms which had the highest farm earnings had a slightly higher percentage investment in productive livestock and a larger proportion of the livestock investment in hogs than either of the other two groups.

COMPARISONS BETWEEN THE MOST PROFITABLE AND LEAST PROFITABLE GROUPS OF FARMS

The average net gain or receipts less expenses for the 27 Douglas county farms was $1,667. This figure does not include any deduction for unpaid labor or any deduction for interest on investment or any interest actually paid. The net gain for the 9 most profitable farms was $2,884 and the net gain for the 9 least profitable farms was $904. After making allowances of $40 per month for unpaid labor and after deducting the actual cash costs of boarding a hired man at an estimated value of $7.00 per month, it was found that the average net income from the farm investment and for management of the 27 farms was $1,058. The high and low income yielding farms had earnings of $2,142 and $317 respectively. These latter figures represent an earning on the investment of 4.28 per cent for the average farm, 7.94 per cent for the 9 most profitable, and 1.07 per cent for the 9 least profitable farms.

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In this study the operators' labor and management wage for the average operator was $449. The operators of the 9 most profitable farms received $1,290 for their labor and for their management of the farm business after deducting 5 per cent interest from the investment. The calculated wage of the operators of the least profitable farms on this basis was -$235.

A discussion of some of the reasons for the differences in returns for the average, the most profitable, and the least profitable farms which are classified on the basis of rate earned on investment should be of interest. An insight as to what has happened in the farm business in 1935 should furnish a basis for making estimates of what to do during the 1936-37 feeding period after consideration of the comparative prices of feed and the different classes of livestock in 1935 and the probable prices of feed and livestock during the feeding period 1936-37. Other changes which can be controlled by the operator may be made in particular cases.

The average size of farm was 149 acres. The 9 most profitable farms had an average of 178 acres in the farm and the least profitable farms had an average of 148 acres. A larger percentage of the larger farms was under cultivation than was under cultivation on the least profitable farms. The land is valued about the same for both the highest and least profitable farms. The average acres in crops for the 27 farms were as follows: corn, 49 acres; oats, 18 acres; wheat, 9 acres; and alfalfa, 12 acres. The most and least profitable farms had the following acreages in the various crops, respectively: corn, 60 and 41 acres; oats, 22 and 19 acres; wheat, 14 and 8 acres; alfalfa, 14 and 11 acres. The most profitable farms had more acres in each crop than did the least profitable farms. The most profitable farms had a slightly higher percentage of their cultivated land planted to corn and wheat and a smaller percentage of their cultivated land planted to oats. The percentage of land in alfalfa was about the same.

The crop yields for the 9 most profitable farms were higher in case of each crop in comparison with the average crop yields of the 27 farms. Their yields were also higher for each crop except in the case of wheat in comparison with the yields of the 9 least profitable farms. For example, the average yield of corn was 30 bushels per acre on the 9 most profitable farms, 28 bushels per acre for the average of all the farms, and 25.3 bushels per acre on the 9 least profitable farms. The oats yield in the same order was 41.6, 36.2, and 33.5 bushels per acre. The wheat yields were 16.9, 16.5, and 18.9 bushels per acre. The alfalfa yields were 2.6, 2.2, and 1.6 tons per acre. A 5 bushel lead on the yield of corn and an 8 bushel margin in the yield of oats in favor of the most profitable farms more than offsets the 2 bushel per acre greater yield of wheat on the least profitable farms especially since there was a small acreage of wheat on the farms and a much larger acreage of corn and oats. Often times the weather conditions within a single county cause differences in yields of crops which are produced on the same quality of land and by use of the same tillage practices. However, if an individual farmer has yields below average over a period of years, it is probable that the best rotation or tillage practices are not being used.

The total investment in livestock for the 9 most profitable farms was $1,884, $1,593 of which was invested in productive livestock. This compares with

an investment of $1,089 in productive livestock for the average of the 27 farms, and $953 for the least profitable farms. Fifty-three per cent of the total investment in productive livestock was invested in cattle on the most profitable farms in comparison with about 70 per cent on the least profitable farms. The high income group had 35 per cent of their productive livestock investment in hogs in comparison with 23 per cent for the low income group of farms. More sheep and poultry were also produced on the high income group of farms. It was possible for the farmers with a larger acreage of feed crops to produce the classes of livestock which would utilize the more concentrated feeds. It is also logical to expect the low income group of farms with a smaller percentage of the land under cultivation to support more cattle and fewer hogs. However, it appears that the farmers who had larger acreages in concentrated feed crops and who fed the crops to the various classes of livestock as indicated in Table I and who received fair returns on feed fed and who were able to utilize their labor efficiently were the group of farmers who received the highest earnings on their investment.

The average returns per $100 worth of feed fed to productive livestock for the 27 Douglas county farms was $163. The 9 most profitable farm reports showed a return of $179 per $100 worth of feed fed, and the 9 least profitable farms a return of $123. The timely purchasing and selling of livestock in accordance with market situations proved more important in many cases than getting a good gain by efficient feeding methods.

The man labor cost per acre for the most profitable, average, and least profitable farms was $4.63, $4.62, and $4.60 per acre. Obviously, the cost per acre is about the same. However, since the investment in livestock per acre for the most profitable farms is $8.96 in comparison with an investment of $6.43 for the least profitable farms and since a larger quantity of crops was harvested from each acre of crop land on the most profitable farms, it is concluded that there was better utilization of labor on the most profitable farms.

The power and machinery cost per acre in crops was $2.88 for the 9 most profitable farms, $3.36 for the average, and $3.68 for the 9 least profitable farms. The farms with the most crop acres had a decided advantage over those farms with the least crop acres.

The most significant reason why the returns of the most profitable farms were greater than those of the least profitable farms was because of more efficient production of a greater quantity of livestock. Other factors which contributed materially were larger farms and greater number of acres in crops, higher yields of most of the crops, better utilization of labor, and more efficient use of power and machinery.

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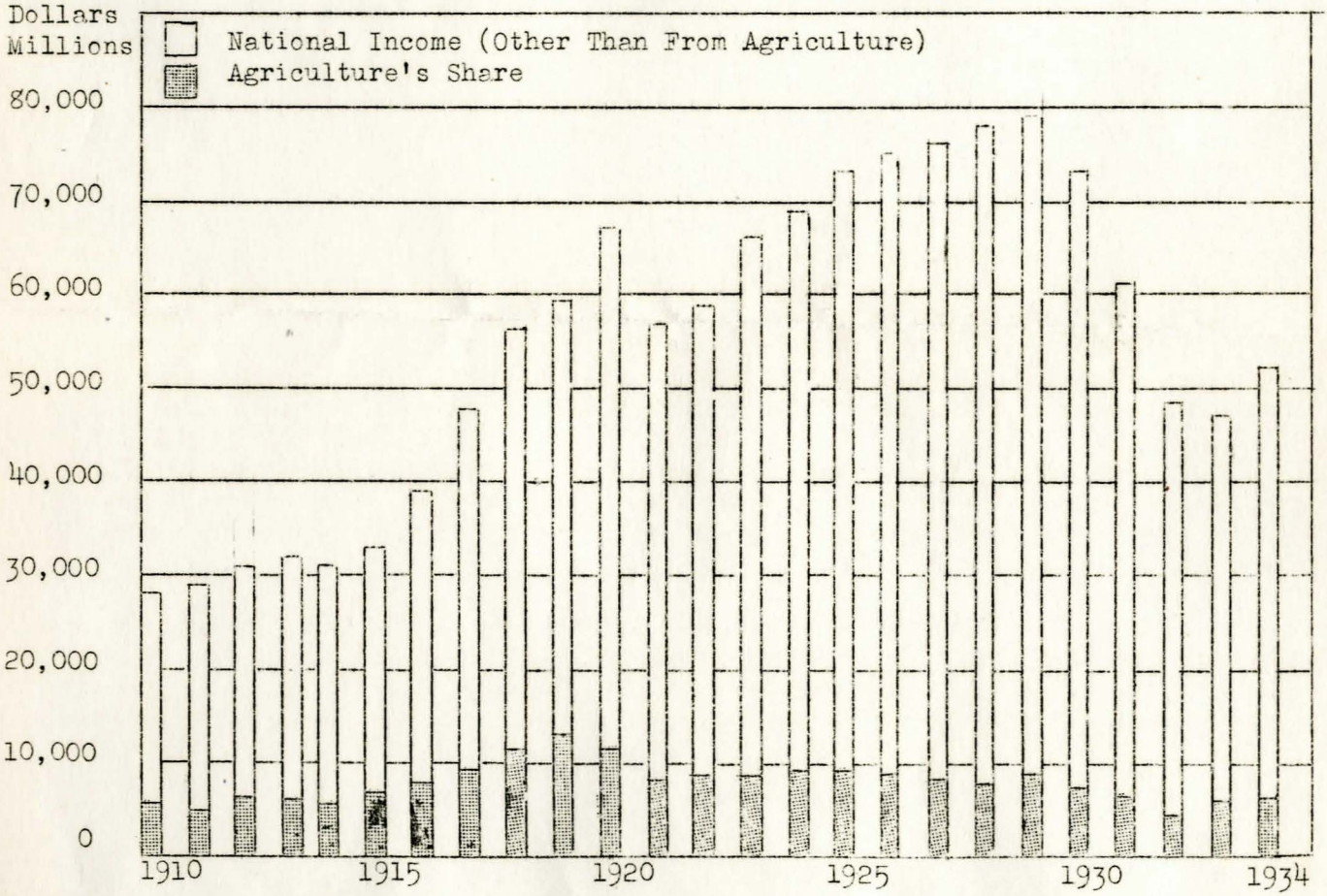
AGRICULTURAL INCOME IN THE UNITED STATES

The welfare of the farmer is dependent upon the profits he makes from his business. The farmer follows his occupation, not as a pastime or as a means of recreation, but that he may provide for himself and family. He seeks through his occupation to make sufficient returns so that he and his family may enjoy the better things of life, that he may educate his children, that he may enjoy cultural advantages that are available, in short that he may provide the advantages and opportunities that make for the More Abundant Life. This can be accomplished only if he receives returns commensurate with the energy and capital which he employs. A measure of the agricultural income of the United States is illustrated in the chart below. (Data from Agricultural Adjustment Administration publication, G-48.)

AGRICULTURE'S SHARE OF THE NATIONAL INCOME



The above chart shows that agriculture's share of the national income was over 18 per cent in 1910, 16 per cent in 1914, and maintained about the same percentage until 1921 when it dropped to about 12 per cent. This ratio was maintained until 1926 when it dropped to around 10 per cent where it remained until 1929. It dropped to a low of 7.5 per cent in 1932 but was over 10 per cent in 1934. Income as shown includes the value of products produced and used at home.

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