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June, 1936

Extension Circular 823-35
1935

Seventh
Annual Farm Business Report

Forty-Seven Buffalo County Farms

1935

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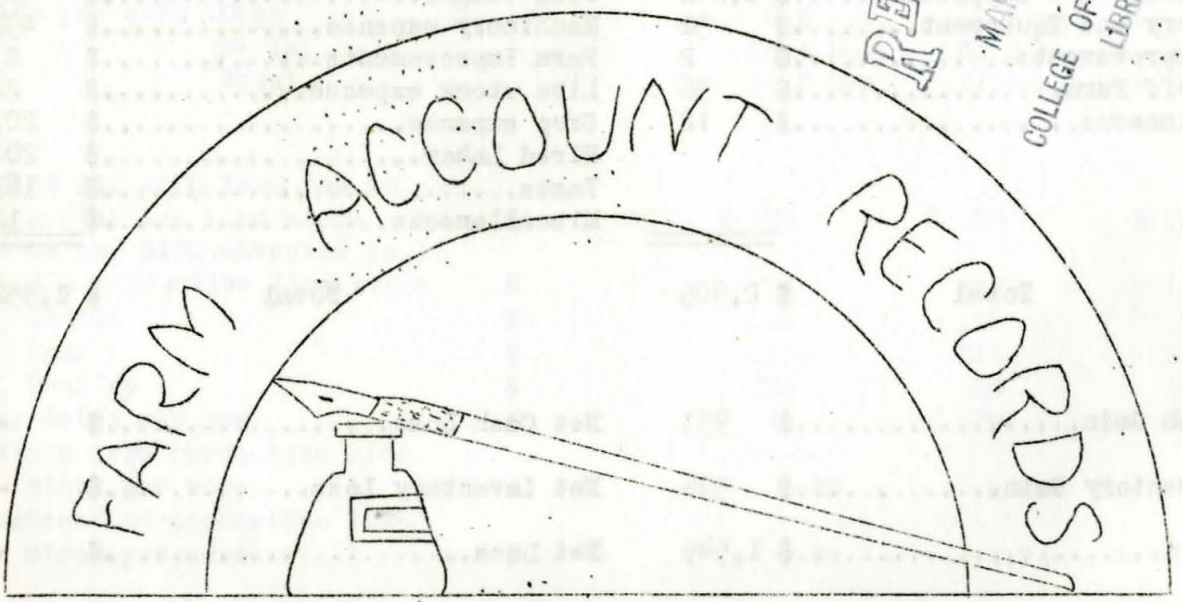

A Farm Account Book serves to show

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

BUFFALO COUNTY
FINANCIAL STATEMENT

1935
Average of 47 Farms

INVENTORY GAINS		INVENTORY LOSSES	
Live stock	$ 617	Live stock	$ -
Feed, Grain and Supplies	$ -	Feed, Grain and Supplies	$ 111
Machinery and Equipment	$ 97	Machinery and Equipment	$ -
Farm Improvements	$ -	Farm Improvements	$ 7
Total	$ 714	Total	$ 118

CASH INCOME		CASH EXPENDITURES	
Live stock & their products	$ 1,543	Live stock bought	$ 302
Feed, Grain and Supplies	$ 1,241	Feed bought	$ 465
Machinery and Equipment	$ 51	Machinery expense	$ 492
Farm Improvements	$ 2	Farm Improvements	$ 83
Labor off Farm	$ 56	Live stock expense	$ 22
Miscellaneous	$ 12	Crop expense	$ 207
		Hired Labor	$ 208
		Taxes	$ 161
		Miscellaneous	$ 12
Total	$ 2,905	Total	$ 1,952

Net Cash Gain	$ 953	Net Cash Loss	$ -
Net Inventory Gain	$ 596	Net Inventory Loss	$ -
Net Gain	$ 1,549	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 47 FARM BUSINESS RECORDS IN BUFFALO COUNTY, 1935

Factors useful in analyzing the farm business		Your farm	Average of 47 farms	16 Most profitable farms	16 Least profitable farms
Size of farm--Acres			287 a.	347 a.	234 a.
Acres in crops			201 a.	221 a.	172 a.
Per cent of land area tilled			73.2 %	66.5 %	77.5 %
Gross receipts per acre	$		$ 9.04	$ 11.35	$ 5.98
Total expenses per acre	$		5.80	4.98	6.84
Net receipts per acre	$		3.24	6.37	-.86
Land investment per acre	$		51	41	59
Total investment per acre	$		69	58	79
Acres in Corn			60 a.	60 a.	59 a.
Barley			29 a.	40 a.	21 a.
Wheat			20 a.	17 a.	20 a.
Alfalfa			35 a.	30 a.	30 a.
Yields per acre--Corn			8.5 bus.	10.8 bus.	7.9 bus.
Barley			29.4 bus.	33.1 bus.	23.5 bus.
Wheat			11.8 bus.	13.7 bus.	9.8 bus.
Returns per $100 feed fed to productive live stock	$		$ 173	$ 199	$ 128
Returns per $100 invested in:					
All productive live stock	$		174	183	141
Cattle	$		115	121	94
Hogs	$		317	313	331
Poultry	$		322	289	398
Dairy sales per cow	$		43	39	47
Receipts from productive live stock per acre	$		6.39	8.67	4.32
Investment in productive live stock per acre	$		3.67	4.74	3.06
Man labor cost per $100 gross income	$		31	21	54
Man labor, power, & machinery cost per $100 gross income	$		50	33	91
Man labor cost per acre	$		2.79	2.34	3.24
Total feed cost for horses	$		186	194	189
Power and machinery cost per acre in crops	$		2.51	2.24	2.99
Expense per $100 gross income	$		64	44	114
Farms with tractors			29	10	9

TABLE I. Concluded Year: 1935 County: Buffalo

Item		Your farm	Average of 47 farms	16 Most profitable farms	16 Least profitable farms
Capital Investments					
Land	$		$ 14,602	$ 14,109	$ 13,745
Farm improvements	$		1,778	1,726	1,744
Horses	$		418	484	368
Cattle	$		674	1,054	493
Hogs	$		264	484	91
Sheep	$		50	31	74
Bees	$		4	12	-
Poultry	$		60	66	59
Live Stock--total	$		1,470	2,131	1,085
Machinery and equipment	$		1,178	1,304	1,112
Feed, grain, and supplies	$		830	962	783
Total	$		19,858	20,232	18,469
Receipts--Net Increases					
Horses	$		$ 25	$ 74	$ -
Cattle	$		532	1,031	210
Hogs	$		838	1,515	301
Sheep	$		31	38	17
Bees	$		-	-	-
Poultry	$		73	86	79
Egg sales	$		119	104	154
Dairy sales	$		240	240	251
Live stock--total	$		1,858	3,088	1,012
Feed, grain, and supplies	$		665	768	324
Labor off farm	$		56	72	51
Miscellaneous receipts	$		12	13	16
Total	$		2,591	3,941	1,403
Expenses--Net Decreases					
Farm improvements	$		$ 88	$ 75	$ 115
Horses	$		-	-	8
Misc. live stock decreases	$		1	2	-
Machinery and equipment	$		343	374	319
Feed, grain and supplies	$		-	-	-
Live stock expense	$		22	31	21
Crop expense	$		207	220	179
Hired labor	$		208	261	127
Taxes	$		161	167	164
Miscellaneous expenses	$		12	14	11
Total	$		1,042	1,144	944
Receipts Less Expenses	$		1,549	2,797	459
Total unpaid labor	$		619	586	660
Net income from investment and management	$		930	2,211	-201
RATE EARNED ON INVESTMENT		%	4.54 %	10.78 %	-.92 %
Return to capital and operator's labor & management	$		$ 1,409	$ 2,691	$ 278
5% Interest on investment	$		993	1,012	923
Labor and Management Wage	$		416	1,679	-645

TABLE II. THERMOMETER CHART. The numbers between the lines across the middle of the page are the approximate averages in Buffalo 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 investment	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	Wheat	Barley	Cattle	Hogs	Poultry					Per acre	Per farm	
HIGH													
16.01%	33	21	48	$264	$629	$678	$328	$ .18	$ .99	$ 32	$17.34	$5,827	560
-	29	19	-	255	597	672	313	-	-	-	16.04	5,391	-
-	26	18	47	235	557	622	293	-	-	-	15.04	4,991	527
14.54	23	17	44	215	517	572	273	.51	-	-	14.04	4,591	487
12.54	20	16	41	195	477	522	253	.91	-	36	13.04	4,191	447
10.54	17	15	38	175	437	472	233	1.31	1.29	43	12.04	3,791	407
8.54	14	14	35	155	397	422	213	1.71	1.79	50	11.04	3,391	367
6.54	11	13	32	135	357	372	193	2.11	2.29	57	10.04	2,991	327
AVERAGE													
4.54	8	12	29	115	317	322	173	2.51	2.79	64	9.04	2,591	287
2.54	5	11	26	95	277	272	153	2.91	3.29	71	8.04	2,191	247
.54	2	10	23	75	237	222	133	3.31	3.79	78	7.04	1,791	207
-1.46	-	9	20	55	197	172	113	3.71	4.29	85	6.04	1,391	167
-3.46	-	8	17	35	157	122	93	4.11	4.79	92	5.04	991	127
-5.46	-	7	14	-	-	72	73	4.51	5.29	99	4.04	591	87
-7.46	-	6	11	-	-	22	53	4.91	5.79	106	3.04	-	-
-	-	5	8	-	-	-	-	5.31	6.29	113	2.04	-	-
LOW													
-8.13	0	0	.0	21	120	12	47	5.92	6.98	127	1.38	385	80

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SEVENTH
ANNUAL FARM BUSINESS REPORT
BUFFALO COUNTY, NEBRASKA, 1935
Arthur G. George*

Nebraska farmers in spite of many unfavorable situations had more favorable conditions in 1935 than for the three years preceding. Parts of the state had good crops, other portions fair crop yields and yet in other portions, notably the south-central areas, drouth conditions were of sufficient severity that practically no crops were raised. A late and wet spring delayed corn planting over most of the state so that most of the corn crop was immature when fall freezes came. At corn picking time much of it carried an excess of moisture. The result was a generally poor quality of corn produced. Excessive rust damage cut wheat yields and quality in practically all wheat areas in the state. Oats, barley and hay crops were generally good. Prices on grains and feeds declined rather materially during the year while those on live stock increased. Prices of live stock products generally held firm to higher. Benefit payments on corn, hogs, wheat, and sugar beets added materially to the farm income during the year. Farm purchasing power throughout the United States increased from 73 per cent of pre-war in 1934 to 86 per cent in 1935.

Farm returns are measured in this report of 47 Buffalo county farms by the rate earned on the investment. The investment is taken, in general, by adding to the land value the beginning inventory values of buildings, live stock, machinery and crops. Net farm returns are computed by deducting expenses and beginning inventory values from sales plus closing inventory values. The value of the unpaid labor is deducted from the net farm returns to give the returns on the investment. These returns are shown both in dollars and per cents with comparative ratings of individuals based on the latter. Unpaid labor was valued at $40 per month for purposes of this study. The estimated cash cost of board for hired help was computed at $7 per month. Farm returns are also shown in terms of labor and management wage. This wage is the operator's return after deducting an allowance for the unpaid family labor and five per cent on the investment as an estimated earning of the capital involved.

All figures shown in this report are for the farms as a whole without regard to ownership. Each tenant will find his share listed separately on pages 38 and 39 of his farm account book. The financial statement on page 1 of this report is a statement showing average figures for the 47 farms. This statement lists inventory gains and losses, cash received and paid out and the net farm gain or loss. Table I shows figures for items affecting farm profits. These figures are shown in three columns. In the first column appear average figures for all farms covered in this report; the next column shows average figures for the one-third of these farms having the highest rates earned on investments and the last column shows average figures for the one-third of these farms whose rates earned were lowest. Table II on page 4 is a chart for measuring relative efficiency according to the instructions appearing on that page. Before proceeding to a discussion of Table I we will first examine some other tabulations.

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*We are indebted to the farmers of Buffalo county who submitted their records for this report and to the agricultural agent, A. R. Hecht, who directed this project in Buffalo county.

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OPERATING EFFICIENCY AND FARM RETURNS

Many factors have a bearing upon the profits a farmer receives. Some, such as rainfall and weather conditions, are beyond his control. Others are subject to his control and we wish to consider some of these.

SIZE. Size of business may be measured in various ways but in this discussion it will be measured in terms of crop acres with total acres and numbers of cattle and hogs also being given. The 47 farms have been divided into three groups according to the number of crop acres with the results shown below:

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
16 Low	Less than 145	109	157	10	12	2.83%	$238
15 Medium	145 to 220	187	282	29	29	4.16	271
16 High	221 and over	305	420	28	32	6.62	731

In general, as crop acres increase farm returns will increase. The above tabulation shows an increase in returns for the third group over those of the first and second groups, and the second group had larger returns than the first group. The 16 farms having less than 145 acres in crops had an average earning on the investment of 2.83 per cent or a labor and management wage of $238. The next group of 15 farms had an average of 187 acres in crops with a range from 145 to 220 crop acres. The average rate earned on the investment for this group was 4.16 per cent or a labor and management wage of $271. The 16 farms having over 221 acres in crops or an average of 305 crop acres had an average earning of 6.62 per cent on the investment or a labor and management wage of $731. It will be noted from the above tabulation that as crop acres increased it was necessary to have more acres per farm and that more livestock was found on those farms where crop acres were greater in number except that about the same number of cattle and hogs were found on the farms of the second and third groups. Low crop yields in 1935 make a comparison based upon crop acres of less value than would be the case if yields had been more nearly normal. Other factors could easily offset the advantage of more crop acres. Livestock generally gave good returns in 1935 and crop yields were low so that the influence of the livestock enterprise on farm returns was probably greater than would normally be the case. The tabulation shows, however, that farm returns are likely to be greater on those farms which have the greatest number of acres in crops.

CROP YIELDS. Higher crop yields generally go with higher farm returns but there may be exceptions. This will depend upon comparative costs of production, on how the crops are marketed, and on the prices received. The tabulation below shows corn yields per acre and farm returns. Data on corn are shown because corn was one of the most important crops, comprising about 30 per cent of the acres in crops.

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
15 Low	Less than 5.0	3.0	60	29.9%	18	12	1.92%	$-44
16 Medium	5.0 to 11.8	7.8	66	35.1	19	26	5.86	623
16 High	11.8 and over	21.5	54	27.6	30	33	5.69	640

These figures show that the 15 farms with corn yields of 5.0 bushels per acre and less with an average yield of 3.0 bushels earned 1.92 per cent on the investment or a labor and management wage of -$44. The 16 farms with a range in corn yields from 5.0 to 11.8 bushels per acre and averaging 7.8 bushels had an earning of 5.86 per cent on the investment or a labor and management wage of $623. The 16 farms with yields ranging upward from 11.8 bushels per acre and with an average yield of 21.5 bushels earned 5.69 per cent on the investment or a labor and management wage of $640. The tabulation indicates generally increased returns as yields per acre increased but not in the same proportion. The second group with an average yield of 7.8 bushels per acre had more livestock than the first group and also more acres in corn. The rate earned for this group was greater than that for the first group. The third group with an average yield of 21.5 bushels and with fewer acres in corn than either of the other groups had much more livestock than either of the other groups. This would indicate that the returns of the third group which were lower than those of the second group when measured in terms of rate earned, were adversely influenced by other factors. The labor and management wage of this group was slightly larger than that of the second group. The returns shown in the tabulation cannot be explained entirely by corn yields and amounts of livestock handled. A separate tabulation showed that the average winter wheat yields for the above groups were 7.2 bushels per acre, 6.9 bushels, and 8.9 bushels respectively for the low, medium, and high groups. The average winter wheat acreage for the different groups in the order named was 28 acres, 15 acres, and 20 acres. The barley yields per acre were 25.2 bushels, 29.8 bushels, and 25.4 bushels respectively for the first, second, and third groups. The barley acreages for the three groups in the order named were 25 acres, 30 acres, and 33 acres. Alfalfa yields were 1.0 ton, 1.6 tons, and 1.5 tons per acre respectively for the first, second, and third groups. These groups in the order named had average alfalfa acreages of 30 acres, 31 acres, and 23 acres.

LABOR EFFICIENCY. Labor cost is an important item when considering the profitableness of farm operations. Cost of production studies on wheat and corn show that, exclusive of land charges, the labor cost per acre to produce these crops constitutes from one-fourth to two-fifths of the total acre costs. The figures below show the effect of labor costs per acre upon farm returns.

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
16 Low	Less than $2.36	$1.65	420	253	29	34	5.92%	$670
15 Medium	$2.36 to $3.60	2.82	242	195	18	22	4.50	280
16 High	$3.60 and over	5.52	194	154	20	17	3.21	290

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The data given above show an average earning on the investment of 5.92 per cent or a labor and management wage for the farm operator of $670 on the 16 farms where the labor cost per acre averaged $1.65 and where it ranged downward from $2.36 per acre. Another group made up of 15 farms with an average labor cost per acre of $2.82 ranging from $2.36 to $3.60 per acre had an earning on the investment of 4.50 per cent or a labor and management wage of $280. The group of 16 farms with an average labor cost per acre of $5.52, which group included all those farms having a labor cost per acre of $3.60 or more, had an average earning on the investment of 3.21 per cent or a labor and management wage of $290. Other things being equal, farm returns tend to decrease as labor costs per acre increase. An inspection of the tabulation shows that the trend of labor costs per acre is to increase as crop acres decrease. The data show that the first group had more livestock than either of the other groups and that the amount of livestock was about the same as found on the farms of the second and third groups. These figures would indicate that factors other than labor cost per acre influenced the farm returns as shown. The tabulation shows the importance of having a sufficiently large crop acreage and other enterprises to keep the labor profitably employed thruout the year.

POWER AND MACHINERY EFFICIENCY. The overhead expense on power and machinery on a farm is one of significant importance in connection with the profits to be made from that farm. The power item in this study includes tractor, truck, and auto costs as well as depreciation on horses and the charge for horse feed. The farm which is so organized as to keep its power and machinery costs at a minimum in proportion to the acres in crops has a distinct advantage over the farm which is not so organized. The tabulation below groups the farms from lower to higher costs for power and machinery on the basis of acres 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
16 Low	Less than $1.91	$1.14	198	$1,005	5.38%	$650
15 Medium	$1.91 to $2.84	2.37	235	1,733	5.11	482
16 High	$2.85 and over	4.58	171	2,061	3.17	121

The 16 low-cost farms had an average power and machinery cost per acre in crops of $1.14. These costs ranged from $1.91 per acre down. The average rate earned on the investment for this group was 5.38 per cent or a labor and management wage of $650. The group of 15 farms with a range in power and machinery costs per acre in crops from $1.91 to $2.84 or an average of $2.37 had a rate earned of 5.11 per cent or a labor and management wage of $482. The 16 farms with an average power and machinery cost of $4.58 per crop acre, where this cost ranged upward from $2.85, had an earning of 3.17 per cent or a labor and management wage of $121. Computations show that the power and machinery investment per crop acre was $5.08 for the first group, $7.37 for the second group, and $12.05 for the third group. These figures indicate a greater overhead expense for the last group as compared with the first two groups. Comparing the first two groups the indications are that the second group had a greater overhead expense than the first in proportion to the acres in crops. The tabulation shows that there is a tendency for farm returns to decrease as power and machinery costs per crop acre increase. It should not be assumed, however, that the differences in earnings noted above are due entirely to differences in power and machinery costs per acre in crops.

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FEEDING EFFICIENCY. Farm returns are influenced to a high degree, where live stock is kept in appreciable amounts, by the returns from feed fed. In many instances more feed goes into live stock than the farm produces and unless the feeder realizes more from his live stock than the value of the feed consumed he would have done better to have sold his grain and feed on the market. The tabulation below shows how the returns from feed used on the farm influenced farm returns.

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 live stock	Rate earned	Labor and management wage
16 Low	Less than $152	$114	20	15	$5.57	1.55%	$-321
15 Medium	$153 to $200	175	17	30	7.34	5.55	639
16 High	$201 and over	262	24	28	7.06	6.59	944

The 16 farms which had returns for each $100 worth of feed fed ranging downward from $152 had an average rate earned on investment of 1.55 per cent or a labor and management wage of -$321. This group of farms carried an average of 20 head of cattle and 15 head of hogs in their inventories. They averaged $114 in productive live stock returns for each $100 worth of feed fed and productive live stock returns were $5.57 for each acre of land in the farm. The 15 farms where the average return was $175 for each $100 worth of feed fed and where the range in returns for each $100 worth of feed fed was from $153 to $200 had an average earning of 5.55 per cent on the investment or $639 as a labor and management wage. The average inventory of cattle and hogs for these farms was 17 head and 30 head respectively and the productive live stock returns per acre were $7.34. The third group of 16 farms having an average return of $262 for each $100 worth of feed fed and ranging upward from returns of $201 for each $100 worth of feed fed, had an earning of 6.59 per cent on the investment or a labor and management wage of $944. This group carried an average inventory of 24 cattle and 28 hogs and had live stock returns of $7.06 for each acre of land in the farm. The tabulation shows that as the returns from feed fed increased the farm returns increased. A separate computation shows that the average investment in productive livestock for the first group was $826, for the second group $1,179, and for the third group $1,163. Efficient feeding of more livestock by the second group offset somewhat the higher returns from each $100 worth of feed fed by the third group so that the final farm returns were not as much different as the difference in returns from feed fed might indicate. An indication of the live stock returns of the different groups is found in the tabulation above where the returns per acre from productive live stock are shown.

LIVE STOCK EFFICIENCY. The efficient handling and feeding of productive live stock may be measured by the returns for each $100 invested in productive livestock. The effect of this efficiency is shown for these farms in the tabulation which follows.

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Returns from Productive Live stock and Farm Returns

Number of farms	Range in returns per $100 invested in productive live stock	Returns per $100 invested in productive live stock	Per cent productive live stock of total investment	Per cent hog investment of productive live stock	Per cent cattle investment of productive live stock	Rate earned	Labor and management wage
16 Low	Less than $149	$126	7.34%	18.49%	65.45%	4.76%	$297
15 Medium	$149 to $225	184	4.82	19.89	66.03	3.15	106
16 High	$226 and over	342	3.59	35.48	50.98	5.63	826

The group of 16 farms where the average returns were $126 for each $100 invested in productive live stock and where the range was downward from returns of $149 for each $100 so invested, had an average earning on the investment of 4.76 per cent or a labor and management wage of $297. The investment in productive live stock for this group was 7.34 per cent of the total investment. The second group of 15 farms having an average return of $184 for each $100 invested in productive live stock and ranging from $149 to $225 had an earning of 3.15 per cent on the investment for a labor and management wage of $106. The investment in productive live stock for this group was 4.82 per cent of the total investment. The data show that the relative amount of productive live stock was much greater for the first group than for the second. An additional tabulation showed an average investment in productive live stock for the first group of $1,712 and for the second group $731. For each $100 worth of feed fed the returns were $182 and $190 respectively for the first and second groups. The greater amount of live stock handled by the first group with efficient feeding undoubtedly had an important part in producing the higher returns of this group. The third group of 16 farms with average returns from productive live stock of $342 for each $100 invested in productive live stock and ranging upward from returns of $226 produced an earning of 5.63 per cent on the farm investment or a labor and management wage of $826. The investment in productive live stock of this group was 3.59 per cent of the total farm investment. The rate earned of the third group was greater than that of either of the other groups. The average investment in productive live stock for the third group was $697, the lowest of the three groups. This would indicate that the higher live stock returns of this group accounted in a large measure for the higher farm returns.

COMPARISONS BETWEEN THE MOST PROFITABLE AND LEAST PROFITABLE GROUPS OF FARMS

An examination of Table I shows that the average net farm income of the 47 Buffalo county farms considered in this report was $1,549. The average rate earned on the investment was 4.54 per cent after allowing $40 per month to the unpaid labor used in operating the business. The 16 most profitable farms had an average net farm income of $2,797 or an earning of 10.78 per cent on the investment. The average net farm income for the 16 least profitable farms was $459 with an earning of -.92 of one per cent on the capital invested. A consideration of the figures for the most profitable and least profitable farms as they pertain to the factors affecting profits which have been discussed in connection with the previous tabulations may be of interest.

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The average number of crop acres for the most profitable farms was 221 acres while the least profitable farms had 172 crop acres, thus showing considerable advantage in this respect for the most profitable farms. In the matter of crop yields per acre the advantage was with the most profitable farms on all the important crops. The average yields per acre for different important crops for the most profitable and least profitable farms were respectively as follows: Corn, 10.8 bushels and 7.9 bushels; barley, 33.1 bushels and 23.5 bushels; and wheat, 13.7 bushels and 9.8 bushels. The average corn and barley acreage was greater for the most profitable farms while the wheat acreage was greater for the least profitable farms. The alfalfa acreage was the same for both groups. The most profitable farms showed a net increase on crops of $768 and an increase of but $324 for the least profitable farms. Apparently the first mentioned farms marketed a greater amount of their grain through live stock than did the least profitable farms since their live stock investment was much greater than that of the least profitable farms and their returns from live stock were likewise greater even in a higher proportion.

The man labor cost per acre was $2.34 for the most profitable farms and $3.24 for the least profitable. This was an advantage of 90 cents per acre for the most profitable farms. This difference in labor cost seems small but with an average sized farm of 347 acres it made a difference in income per farm of 90 times 347 or $312.30 over what would have been received had the labor cost per acre been $3.24 which was the cost figure for the least profitable farms.

The costs per acre in crops for power and machinery were $2.24 and $2.99 respectively for the most profitable and least profitable farms. The former with a larger investment in horses and machinery were able to operate at lower net machinery costs and thus obtained an advantage over the latter in this item of cost. The difference of 75 cents per acre in crops in favor of the most profitable farms accounted for a saving for these farms of 75 times 221 or $165.75 more than would have been realized had the power and machinery cost per acre in crops been as high as for the least profitable group, $2.99.

In feeding efficiency the most profitable farms had the advantage. The returns for each $100 worth of feed fed to productive live stock yielded returns of $199 to this group of farms and $128 to the group of least profitable farms. With more than twice as much invested in cattle, more than 5 times as much invested in hogs, some sheep, and a larger poultry investment the most profitable farms realized productive live stock returns of $3,012 as compared with $1,012 for the least profitable farms. A greater amount of live stock together with more returns from feed fed accounted for the larger live stock returns of the most profitable farms.

Another indication of live stock efficiency is found in the comparative returns on the investment in productive live stock between the most profitable and least profitable farms. The former group realized returns of $183 for each $100 invested in productive live stock while for a similar investment the returns were $141 for the latter group. The higher returns of the most profitable group for each $100 invested in productive live stock were the result of the greater returns they received for each $100 invested in cattle. The least profitable farms had higher returns for each $100 invested in hogs and poultry.

The returns of the most profitable farms were higher than those of the least profitable farms chiefly because much more live stock was efficiently handled and fed by this group. Other contributing factors to this greater gain were larger farms, more acres in crops, lower labor costs per acre, and more efficient use of power and machinery.

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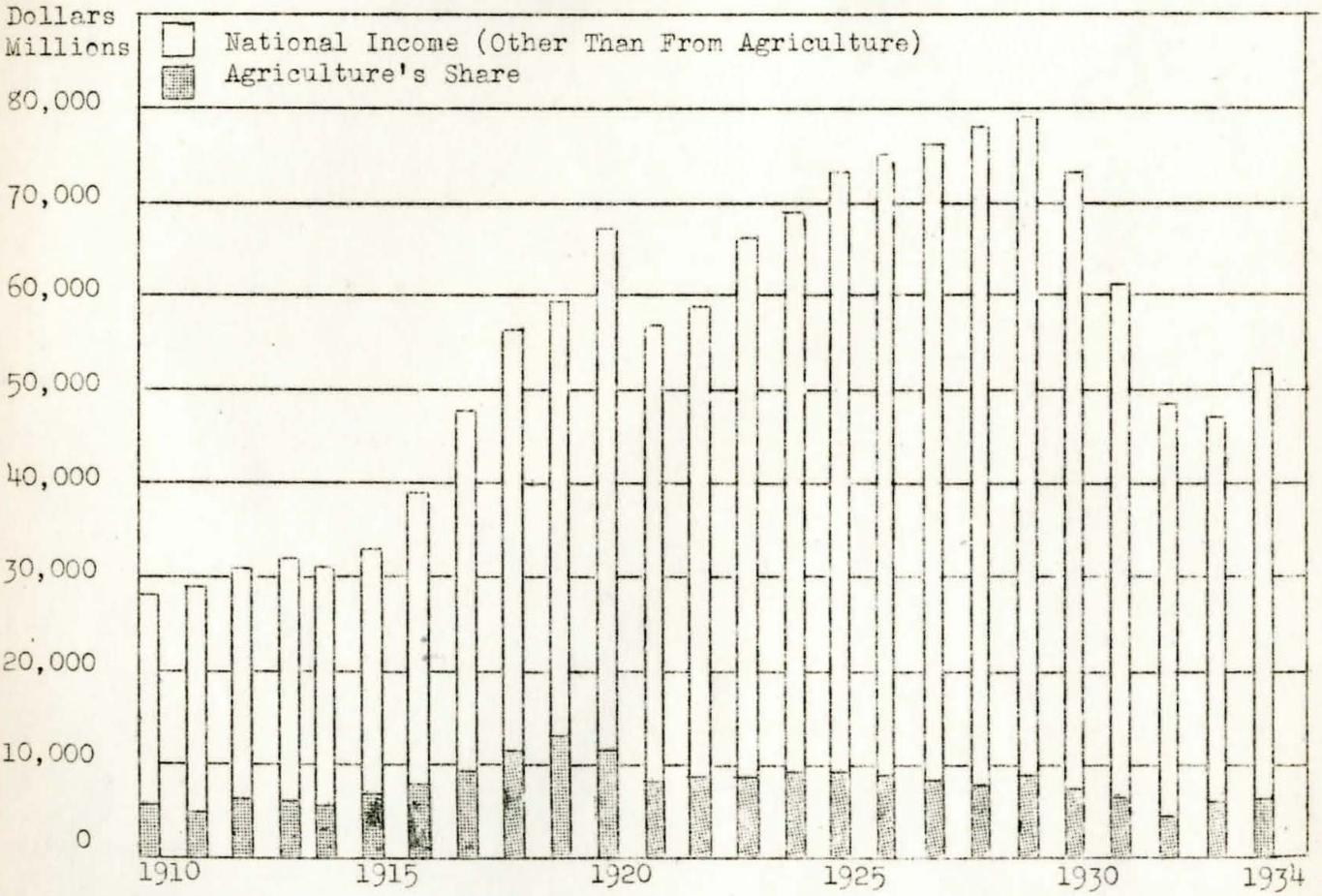
AGRICULTURAL INCOME IN THE UNITED STATES

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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