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Ninth Annual Farm Business Report

Sixty-Nine Cass County Farms

1931

The University of Nebraska Agricultural College Extension Service
and Rural Economics Department, United States Department
of Agriculture, and Nebraska County Farm Bureaus
Cooperating, W. H. Brokaw, Director
Lincoln, Nebraska.

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ACKNOWLEDGMENT

Appreciation and thanks are hereby extended to the Cass county farmers who cooperated in this study by furnishing records of their 1931 farm business operations.

The work in Cass county pertaining to this project was conducted under the supervision of the County Extension Agent, D. D. Wainscott.

Wendell E. Huff of the Extension Service and Richard M. Cole of the Department of Rural Economics assisted in the collection of the records.

Professors H. C. Filley and A. W. Medlar of the Department of Rural Economics gave valuable suggestions and criticisms pertaining to the preparation of this report.

The statistical data was checked and assembled by Miss Virginia Dougall of the Extension Service.

* * *

TABLE I. SUMMARY OF 69 FARM BUSINESS RECORDS IN CASS COUNTY, 1931

Factors useful in analyzing the farm business		Your farm	Average of 69 farms	23 Most profitable farms	23 Least profitable farms
Size of farm--Acres		a.	221 a.	261 a.	167 a.
Acres in crops		a.	172 a.	205 a.	125 a.
Per cent of land area tilled		%	83.6 %	83.4 %	80.5 %
Gross receipts per acre	$		$ 5.38	$ 7.12	$ 7.10
Total expenses per acre	$		$ 9.33	$ 7.81	$ 16.16
Net receipts per acre	$		$ -3.95	$ -.69	$ -9.06
Land investment per acre	$		$ 116	$ 112	$ 114
Total investment per acre	$		$ 152	$ 144	$ 161
Acres in Corn		a.	107 a.	125 a.	78 a.
Oats		a.	24 a.	26 a.	19 a.
Wheat		a.	17 a.	23 a.	8 a.
Alfalfa		a.	9 a.	11 a.	10 a.
Clover		a.	6 a.	10 a.	3 a.
Yields per acre--Corn		bus.	31.0 bus.	31.4 bus.	32.0 bus.
Oats		bus.	31.2 bus.	33.2 bus.	32.0 bus.
Wheat		bus.	25.2 bus.	26.6 bus.	21.3 bus.
Returns per $100 feed fed to productive livestock	$		$ 94	$ 119	$ 78
Returns per $100 invested in:					
All productive livestock	$		$ 66	$ 76	$ 67
Cattle	$		$ 42	$ 57	$ 32
Hogs	$		$ 97	$ 111	$ 99
Poultry	$		$ 139	$ 137	$ 150
Dairy sales per cow	$		$ 42	$ 47	$ 39
Receipts from productive livestock per acre	$		$ 4.93	$ 5.73	$ 6.71
Investment in productive livestock per acre	$		$ 7.44	$ 7.54	$ 9.95
Man labor cost per $100 gross income	$		$ 76	$ 49	$ 79
Man labor, power, & machinery cost per $100 gross income	$		$ 137	$ 86	$ 142
Man labor cost per acre	$		$ 4.12	$ 3.48	$ 5.60
Total feed cost for horses	$		$ 251	$ 262	$ 246
Power and machinery cost per acre in crops	$		$ 4.20	$ 3.36	$ 6.00
Expense per $100 gross income	$		$ 173	$ 110	$ 227
Farms with tractors			35	13	9

TABLE I. Concluded

Item		Your farm	Average of 69 farms	23 Most profitable farms	23 Least profitable farms
Capital Investments					
Land	$		$25,514	$29,256	$19,126
Farm improvements	$		2,904	2,959	2,979
Horses	$		546	562	528
Cattle	$		982	1,259	~~970~~ 870
Hogs	$		476	482	595
Sheep	$		46	94	31
Bees	$		4	3	4
Poultry	$		135	134	166
Livestock--total	$		2,189	2,534	2,194
Machinery and equipment	$		1,540	1,600	1,390
Feed, grain, and supplies	$		1,356	1,327	1,300
Total	$		33,503	37,676	26,989
Receipts--Net Increases					
Horses	$		-	-	-
Cattle	$		180	467	32
Hogs	$		460	536	587
Sheep	$		27	65	7
Bees	$		-	-	1
Poultry	$		68	62	91
Egg sales	$		120	122	158
Dairy sales	$		234	248	247
Livestock--total	$		1,089	1,500	1,123
Feed, grain, and supplies	$		47	311	-
Labor off farm	$		22	25	16
Miscellaneous receipts	$		30	26	51
Total	$		1,188	1,862	1,190
Expenses--Net Decreases					
Farm improvements	$		187	185	217
Horses	$		95	68	126
Misc. livestock decreases	$		1	1	-
Machinery and equipment	$		378	358	376
Feed, grain and supplies	$		-	-	642
Livestock expense	$		35	30	48
Crop expense	$		109	113	101
Hired labor	$		174	172	156
Taxes	$		305	340	221
Miscellaneous expenses	$		23	15	24
Total	$		1,307	1,282	1,911
Receipts Less Expenses	$		-119	580	-721
Total unpaid labor	$		754	761	796
Net income from investment and management	$		-873	-181	-1,517
RATE EARNED ON INVESTMENT		%	-3.01 %	-.61 %	-5.81 %
Return to capital and operator's labor & management	$		$ -284	408	-932
5% Interest on investment	$		1,675	1,884	1,349
Labor and Management Wage	$		-1,959	-1,476	-2,281

TABLE II. THERMOMETER CHART. The numbers between the lines across the middle of the page are the approximate averages in Cass 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 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	Oats	Wheat	Cattle	Hogs	Poultry					Per Acre	Per Farm	
HIGH													
4.02	44	58	41	$168	$277	$444	$224	$ 1.27	$ 2.00	$ 65	$28.60	$5183	550
3.99	-	52	39	168	272	419	-	-	-	-	26.38	4688	501
2.99	43	49	37	150	247	379	214	-	-	-	23.38	4188	461
1.99	41	46	35	132	222	339	194	-	-	-	20.38	3688	421
.99	39	43	33	114	197	299	174	-	-	-	17.38	3188	381
-.01	37	40	31	96	172	259	154	-	-	83	14.38	2688	341
-1.01	35	37	29	78	147	219	134	-	2.12	113	11.38	2188	301
-2.01	33	34	27	60	122	179	114	2.50	3.12	143	8.38	1688	261
AVERAGE													
-3.01	31	31	25	$ 42	$ 97	$139	$ 94	$4.20	$4.12	$173	$5.38	$1188	221
-4.01	29	28	23	24	72	$ 99	74	5.90	5.12	203	2.38	688	181
-5.01	27	25	21	6	47	59	54	7.60	6.12	233	-	188	141
-6.01	25	22	19	-22	22	19	34	9.30	7.12	263	-	-	101
-7.01	23	19	17	-	-3	-21	14	11.00	8.12	293	-	-	-
-8.01	21	16	15	-	-28	-	-	12.70	9.12	323	-	-	-
-9.01	-	13	13	-	-53	-	-	14.40	10.12	353	-	-	-
-10.01	-	10	11	-	-	-	-	-	11.12	-	-	-	-
LOW													
-12.02	20	10	0	$-26	$-57	$-52	$6	$15.89	$12.59	$375	$2.63	$326	77

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NINTH ANNUAL FARM BUSINESS REPORT

CASS COUNTY, NEBRASKA, 1931

Arthur G. George
Department of Rural Economics

Nebraska farm business earnings in 1931 were unusually low. The same condition prevailed thruout the entire country and affected nearly all classes of business. This was shown by the large number of bank failures and bankruptcies in other lines of business. Low farm earnings were brought about in part as a result of the depression which is world wide. In some sections of Nebraska earnings were particularly low because of drouth conditions.

Agriculture has suffered more during the current depression than most other lines of business due in part to the fact that prices of agricultural products always fall more rapidly when a depression occurs than do the prices of other commodities.

The most satisfactory method of comparing price changes is by the use of index numbers. The average prices of a considerable number of commodities during some one year or for a term of years are taken as a base and are always given a value of 100. If prices go up, the index number will rise above 100, but if prices go down the index number will fall below 100. The United States Department of Agriculture has published index numbers for several years, using as a base the 5-year period, August, 1909-July, 1914. The purchasing power of farm products at any time is computed by dividing the index number of farm products prices by the index number of commodities purchased by farmers.

In January 1929, the index number for farm products was 133 and for goods purchased by farmers it was 155. The purchasing power of farmers was therefore 86 (133 divided by 155). In December, 1931, the index number for the price of farm products was only 66, and the index number for commodities purchased was 123. The purchasing power of farm products was therefore only 53 (66 divided by 123). Some farm products, for example dairy products, had an index number higher than 66 and other farm products, for example grains, had an index number lower than 66.

It is during such periods of financial stress that it is more necessary than ever for the farmer to get down to bedrock in studying his business affairs if he expects to realize profits. Farm business records and a study of the facts which they show form the basis for this kind of a study. It is for this purpose that the Department of Rural Economics and the Extension Service of the Nebraska College of Agriculture present this study of farm business records from Cass county.

Sixty-nine records were used in the tabulation of data which appears in Table I. Average figures for the entire group appear in the first column.

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Average figures for the one-third of the group which showed the highest rates earned on investment appear in the second column, and the average figures for the one-third of the group which showed the lowest rates earned on investment appear in the third column. Each farmer who submitted a record of his farm business for 1931 which is included in this study will receive a copy of this report with figures from his own farm typed in the column headed "Your Farm" to the left of the first column of average figures. This affords an easy means of comparing each item studied with the average of the entire group from his county or area as well as with the most profitable and least profitable groups.

The figures used in this study were taken for the entire farm without regard to ownership. Each tenant cooperator will find his individual business items in the summary in the back of his Farm Account Book which has been returned to him and not in this study.

Interest payments made are not deducted as expenses in arriving at the final returns in this study since 5 per cent assumed capital earnings are deducted in arriving at the Labor and Management Wage. In addition to the returns shown here each farm has had other income in the form of living contributed to the farm family in the form of food, residence, and possibly fuel.

EXPLANATION OF TERMS AND METHODS USED

Most of the items used in the analysis of the data shown in Table I can readily be understood when read. Some require explanations which follow:

RECIPTS. - These items represent net increases, taking into account inventory changes, cash receipts, and cash expenditures. This applies to all items of income except egg sales, dairy sales, income from labor off the farm, and miscellaneous receipts, which are added to the net increases.

EXPENSES.-These items represent cash expenditures, net decreases for farm improvements and machinery and net decreases, if any, for the different classes of livestock and for feed, grain, and supplies.

RETURNS FROM FEED FED TO PRODUCTIVE LIVESTOCK.- Productive livestock is all livestock except horses and mules. Purchased feed was charged at the prices paid for it. Pasture was charged at rates given by individual farmers. In cases where this rate was omitted, conservative estimates have been made. All other feed was charged at weighted average prices based on prices given in the two inventories. This was obtained for each item of feed by dividing the sum of the total values in both inventories by the sum of the total amounts of both inventories for each kind of feed. Each cooperator estimated the amounts of different feeds fed to horses and mules or if this was omitted, a conservative estimate was made when the data were compiled. The value of horse and mule feed was deducted from the total charged for all feed fed. This gave the feed charge for productive livestock.

INVESTMENT.- All figures on investment for different items are the values shown in the opening inventory except that adjustments were made where these values manifestly did not show a representative investment thruout the year.

RECEIPTS FROM PRODUCTIVE LIVE STOCK PER ACRE.- This item was obtained by dividing the net increases from productive live stock by the total acres in the farm.

MAN LABOR COST.- The labor of the operator and any unpaid family labor was charged at $50 per month to cover wages, board, room, and laundry. Hired labor was charged at the wages paid plus $10 per month to cover board, room, and laundry.

MAN LABOR, POWER, AND MACHINERY COST.- This item was obtained in the same manner as the item above except that to the man labor charge was added all items of power and machinery cost. Power cost includes the charge for horse feed and the net decrease on horses and mules as well as all costs of tractor operation. Machinery cost includes the net decrease on all machinery and equipment.

TOTAL UNPAID LABOR.- This item includes the charge for the operator's labor and for members of his family as noted above and also the charge for board, room, and laundry for hired labor.

NET INCOME FROM INVESTMENT AND MANAGEMENT.- This item was obtained by deducting the value of all unpaid labor from the net farm income which appears under the heading, "Receipts less expenses."

RATE EARNED ON INVESTMENT.- This item shows what per cent the figure appearing as "Net income from investment and management," is of the figure representing "Capital Investments--total."

RETURN TO CAPITAL AND OPERATOR'S LABOR AND MANAGEMENT.- This item is what remains of the "Receipts less expenses" after deducting the value of the unpaid family labor. This item of deduction does not include the value of the operator's labor.

INTEREST ON INVESTMENT AT 5 PER CENT.- This item shows what the capital invested in the farm business would return if it earned 5 per cent interest.

LABOR AND MANAGEMENT WAGE.- This item shows what the operator made for his labor and management if we assume his capital earned 5 per cent interest. The figure is obtained by deducting "Interest on investment at 5 per cent" from "Return to capital and operator's labor and management."

THERMOMETER CHART.- This chart on Page 3 is provided so that by drawing a line across the different columns of figures at the proper points the individual can readily see how he compared with the average for his county for the items of efficiency mentioned on the chart.

ESTIMATES.- Some of the records when submitted to the agricultural college were incomplete in some details. In most instances letters were written to the cooperators in an effort to get complete and correct data on these items. In some cases these incomplete items were estimated and entered when the books were

summarized. Such estimates were made on the basis of 1930 records where such were available. In other instances estimates were made on the basis of what seemed reasonable which may be in error, but it was believed that an estimated entry would be more nearly correct than no entry at all. We did not write for these because of the difficulty of making plain just what was wanted thru correspondence.

CAPITAL INVESTMENT AND RECEIPTS--TOTALS.- It will be noted in Table I, Page 2, that the sections showing "Investments" and "Receipts" include totals for the livestock items. The final totals for these two sections do not include again the separate items for the different classes of livestock.

DETAILED ANALYSIS OF 1931 FARM BUSINESS RECORDS

The discussion which follows calls attention to some of the factors brought out in a study of the analysis made from the 69 Cass county farm business records for 1931.

Farm earnings in the Farm Account Book summary are shown in three different ways.

1. Receipts less expenses (Net farm income)
2. Rate earned on investment
3. Labor and management wage

The net farm income shows the gain for the farm business for the year which gain includes returns for capital, unpaid labor, and profits. "Rate earned on investment" is obtained after normal wages for the unpaid labor used on the farm have been deducted from the net farm income. The amount of income used as a basis for the computation of the rate earned on investment includes whatever amount was earned by the farm operator for his ability as a manager as well as capital earnings. In this study the division into most profitable and least profitable farms is based on rate earned on investment.

Some like to measure profits on the basis of wages received for the labor and managing ability of the farm operator. This is shown in the summary under the heading "Labor and Management Wage". This figure is what is left from the net farm income after deducting an assumed rate of interest on capital and going wages for the unpaid family labor used on the farm.

DIFFERENCES IN EARNINGS BETWEEN GROUPS OF FARMS

The individual farmer who is desirous of finding out ways and means of improving his farm business is interested in knowing what the practices were on the most profitable farms. The data in Table I show average returns for the entire group of 69 farms where the rate earned on investment for 1931 was -3.01 per cent. The 23 most profitable farms of this group had an average rate earned on investment of -.61 per cent, while the 23 least profitable farms of the group had an average of -5.81 per cent. These data show that there were differences in earnings between farms in Cass county in 1931, and that when grouped as they have been in Table I, we find an appreciable difference in the average earnings of the 23 most profitable farms as compared with the average earnings of the 23 least profitable farms.

CAUSES OF DIFFERENCES IN EARNINGS

It shall be our purpose to point out some of the factors which influenced the earnings of the most profitable and least profitable groups. The individual farmer who compares his business with what others have done in his county will be

interested in comparisons with the average as well as with the most profitable and least profitable groups. We feel, however, that he will be concerned primarily in knowing what the most profitable group did and we will discuss the comparison between the two groups as mentioned above.

SIZE OF BUSINESS.- Size of business may be measured in several different ways. One measure is acres in farm. When we compare this item in the two groups we find the most profitable group to have a considerably greater average acreage than the least profitable group. The average acreage of the most profitable group was 261 acres and for the least profitable group 167 acres. Another measure of size of business has to do with the investment. In this instance we find the average for the most profitable group was $37,676, whereas the average investment for the least profitable group was $26,989. Another way of measuring size of business is on the basis of volume of business transacted. Volume might be measured in several ways, but ordinarily we think of it as measured by the total receipts. In this instance we find the average receipts of the most profitable group to be $1862 as compared with $1190 for the least profitable group. From the preceding analysis we can conclude that the greater number of acres, both total and in crops, the larger investment, and the greater volume of business for the most profitable group were undoubtedly very important factors in contributing to the higher average income of this group over that of the least profitable group.

CROP FACTORS.- An inspection of Table I shows that the most profitable farms had more acres in corn on the average, more oats acreage, more acres in wheat, and about the same acreage in alfalfa, and a considerably greater acreage in clover. The difference in acreage was of sufficient importance to be a contributing factor in causing one group to have a higher average income than the other.

Crop yields showed no special advantage for the most profitable group of farms. The average corn yield for this group was 31.4 bushels while for the least profitable group the average corn yield was 32.0 bushels. This showed a slight advantage in corn yields for the least profitable group. The average yield of oats per acre for the most profitable group was 33.2 bushels and for the least profitable group 32.0 bushels. The average yield of wheat per acre for the most profitable group was 26.6 bushels per acre and for the least profitable group 21.3 bushels per acre. The wheat yield for the most profitable group was over 5 bushels more per acre than for the least profitable group, but the acreage in wheat was not of sufficient amount for this higher yield to result in any great advantage in average income for the most profitable group. The advantage to the most profitable group in the matter of crops lay not in better yields but in a larger acreage and consequently a greater number of bushels produced than for the least profitable group.

LIVESTOCK FACTORS.- In eastern Nebraska livestock is one of the most important phases of the farming business. The livestock receipts of the 69 farms included in this study comprised about 90 per cent of the total incomes on these farms. The most profitable group carried a considerably higher average investment in livestock per farm than did the least profitable group. Not only was the average investment larger for the most profitable group, but its efficiency in livestock was greater as shown by the fact that this group received greater returns in proportion to the investment in livestock than did the least profitable group. For each $100 worth of feed fed to productive livestock the most profitable group received an average return of $119 and the least profitable group received an average return of $78. The

returns for each $100 invested in cattle and hogs were higher for the most profitable group. The returns for each $100 invested in poultry were higher for the least profitable group. Dairy sales per cow were 20 per cent greater for the most profitable group than for the least profitable group. These data show that the returns on livestock were greater based on the amount invested and the amount of feed fed for the most profitable group than for the least profitable group.

MAN LABOR, POWER, AND MACHINERY FACTORS.- A study of these factors shows that the cost for each $100 gross income for the most profitable group was $86 and for the least profitable group $142. Or the same items may be considered in another way: The man labor cost per acre for the most profitable group was $3.48 while it was $5.60 per acre for the least profitable group. The power and machinery cost per acre in crops for the most profitable group was $3.36 and for the least profitable group $6.00. The expense per $100 gross income for the most profitable group was $110 and for the least profitable group $227. This analysis shows that the farmers included in the most profitable group used their labor, power, and machinery more efficiently than did those in the least profitable group and further that their expenses in proportion to income were considerably less than was the case for those farmers in the least profitable group.

INVESTMENT.- The items of investment for the two groups of farms showed considerable variation. The amount invested in land and farm improvements was considerably more for the most profitable group. In the case of livestock the investment was considerably more for cattle, slightly more for horses and slightly less for hogs and poultry for the most profitable group. The average investment in livestock for the most profitable group was $2534 while for the least profitable group it was $2194. The average investment in machinery and equipment for the most profitable group was $1600 and for the least profitable group $1390. The investment in feed, grain, and supplies was slightly more for the most profitable group than for the least profitable group.

RECEIPTS.- The average gross receipts for the most profitable group were $1862 and for the least profitable group $1190. Of this total income $1500 constituted receipts from livestock for the most profitable group and $1123 for the least profitable group. It is of interest to observe that the most profitable group had a considerable income from grain whereas the least profitable group had no gain from grain as such, but their records show a net expense for grain and feed.

EXPENSES.-The average expenses for the most profitable group were $1282 and for the least profitable group $1911. The different items of expenditure showed no great variation except in the item of feed and grain where the net expense was $642 for the least profitable group. In the case of the most profitable group there was a net profit on this item of $311.

Our analysis of the data presented shows that the most profitable group realized greater incomes due to larger acreages which premitted a more efficient use of labor, power, and machinery. In addition larger quantities of crops were produced, a greater volume of business was transacted and livestock was handled more efficiently than for the least profitable group. Care should be observed in interpreting the results for any one year and attempting to form definite conclusions from them. These results show the condition for the year 1931, but we cannot be positive that the same things done in 1932 would produce the same results. It requires records over a period of years to arrive at deductions which can be regarded as more or less conclusive.

THE APPLICATION OF FARM MANAGEMENT PRINCIPLES TO THE INDIVIDUAL FARM

Many of the problems that confront the farmer today are those pertaining to farm management. All classes of business men have problems peculiar to the particular business in which each is engaged. The banker, the merchant, the manufacturer, the farmer, and all other classes of business men, have special problems to meet and solve if the greatest gain is to be made from their particular business operations.

When our state was new and undeveloped the pioneers came in and obtained cheap lands and thru long years of toil and hardship built up the communities such as we find them today. If conditions did not suit an individual he could move on to other unoccupied lands and start anew. As years passed there came a time when there were no new lands to develop and where settlers became more numerous in the regions already occupied. This condition brought new and different problems.

It was only a few generations ago that each farm was practically self-sustaining in itself. The products produced on the farm were utilized there and very little was purchased outside for living or to provide means of carrying on the productive effort of the farm.

With the development of transportation, invention of machinery, and the development of industry this condition changed. The farmer could produce his crops efficiently, and he devoted his efforts to producing more crops and exchanged them for other goods which he needed and which could be produced more efficiently by other people in other localities. This condition became more and more the practice until today each producer is more or less of a specialist in his line of production. He produces those goods which he can produce most efficiently and depends upon other producers of different kinds of goods to provide him with other goods which he needs. This is as true of the farm as of other kinds of business. Many farmers today buy butter, bread, molasses, soap, and other products which formerly were made and used on each individual farm.

Profits in farming depend quite largely upon prices and prices are largely determined by supply and demand. The products produced in a given community do not influence prices appreciably. In the case of wheat, prices are influenced by world production. The Nebraska wheat grower is concerned not only with the production in the United States but with wheat production in Canada, South America, Australia, Russia, and other wheat producing countries. The Nebraska hog grower is concerned with hog production not only in our own state but thruout the Corn Belt and other parts of the United States and Europe.

In the same way the producers of other agricultural products are concerned with the production of the same products in other parts of the world which influence their markets for these products. Not only does the Nebraska producer of a particular product take an interest in the production of this commodity in other parts of the world but he should be concerned with what the probable demand will be for his product and the kind or quality that is in greatest demand. This is illustrated by the comparatively recent change in the demand for beef. At the present time nearly all feeders produce baby beeves because the demand by housewives is for smaller cuts of beef than formerly. The same principle applies with reference to other farm products. The aim should be to produce the kind and quality which is in greatest demand.

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The problem for most farmers then is to produce demanded products of a given quality and at least cost in order to realize the greatest profits. It is not a question of trying to make two blades of grass grow where but one grew before but to produce the kind of product for which there is a strong demand and to produce it as cheaply as possible.

Price changes in general move up or down with a certain degree of regularity. They do not just happen to be where they are without a cause back of the situation. Daily and short time price fluctuations are due to certain causes different from the long time trend of prices. Price fluctuations cannot be accurately foretold but the price cycle affords a means of determining when to expect a rise or fall in price. Take the case of hogs. History shows that hog prices move from high to low and back to high again in a period of three to five years. This is known as a hog price cycle. History shows too, that hog production cycles move in the same way. When the supply is large prices are low, and when hogs are scarce prices are high. By watching production trends the individual producer can arrange his production so that he will not be producing hogs at his maximum capacity when there are large numbers of hogs in the country nor will he be low on his hog production when the supply is low thruout the country.

Other farm commodities move in similar cycles but not all are of the same length. The length of the cycle depends largely upon the time it takes to expand or contract an enterprise to the point where production is increased or decreased.

Not only are there long time price changes but seasonal variations in price also occur. All hog producers know that prices are highest about April 1 and September 1 of each year and that prices are lowest about January 1 and June 1. These conditions exist due to the marketing habits of the growers. Spring pigs are marketed in greatest numbers about January 1 and fall pigs are marketed in greatest numbers about June 1. On the other hand, the fewest numbers go to market about September 1 and April 1. A similar condition occurs with respect to other farm products, the high and low price dates occuring when marketings are light and heavy, respectively.

In addition to commodity price changes there also exist definite trends in the general price level of all commodities. The history of this phenomenon is that a rising price trend takes place for 20 to 30 years followed by a declining trend for about a similar length of time. During the period of rising prices it is comparatively easy to make money and prosperity prevails. On the other hand when prices are on the decline it is difficult to make profits and many failures in business occur. It is in such periods of time that headwork must be coupled with muscular effort if profits are to be made. The price level has been moving downward for 11 years and it may continue in that direction for several years to come. This is not a prediction, but the statement of a probability. Those who study their business operations and the outside influences that affect the prices of their products can continue to make profits if the knowledge so acquired is intelligently applied.

The depression now existing is not the first to be experienced in this country nor will it be the last. Such conditions do not continue indefinitely and this one will come to a close as have others in the past. A depression throws all economic machinery out of adjustment and during such a period losses will be suffered no matter how well the farm business is managed and operated. Losses, however, will be less severe for the farmer who knows conditions and adjusts his operations accordingly.

Farm records form the basis for an intelligent analysis of the individual farm business and this report is issued in the hope that it may serve as an aid to thoughtful farmers who wish to make the most from their farming operations.