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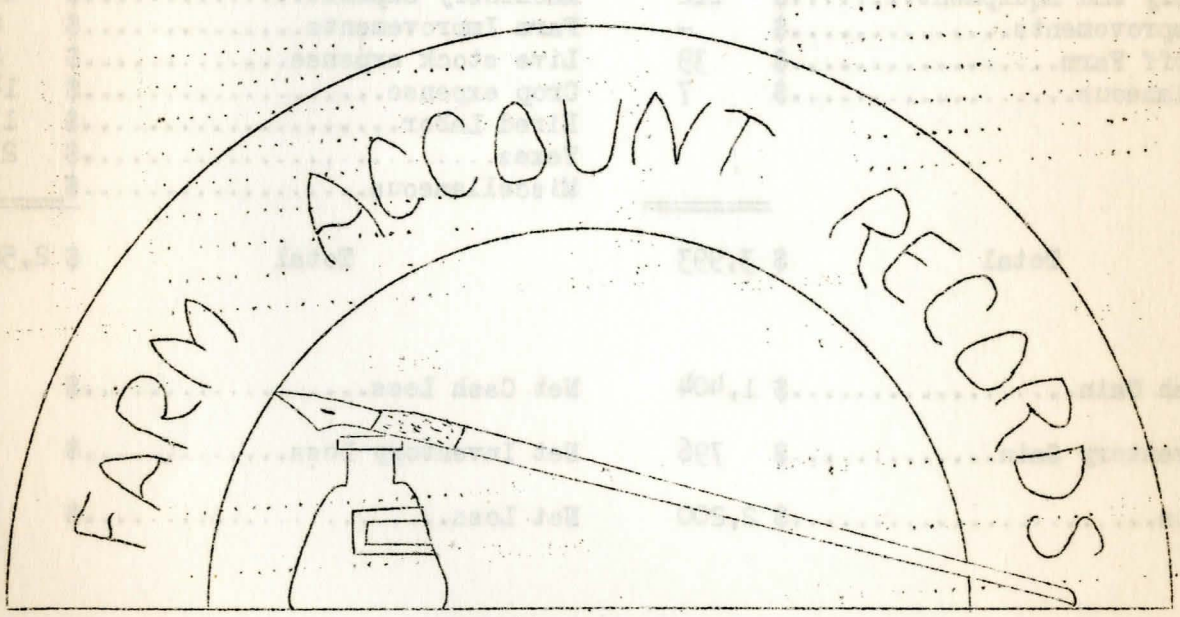
Thirteenth Annual Farm Business Report

Forty-Five Cass 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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CASS COUNTY

FINANCIAL STATEMENT
1935
Average of 45 Farms

INVENTORY GAINS		INVENTORY LOSSES	
Live stock	$ 758	Live stock	$ -
Feed, Grain and Supplies	$ -	Feed, Grain and Supplies	$ 101
Machinery and Equipment	$ 202	Machinery and Equipment	$ -
Farm Improvements	$ -	Farm Improvements	$ 63
Total	$ 960	Total	$ 164

CASH INCOME		CASH EXPENDITURES	
Live stock & their products	$ 2,599	Live stock bought	$ 750
Feed, Grain and Supplies	$ 1,236	Feed bought	$ 613
Machinery and Equipment	$ 112	Machinery expense	$ 611
Farm Improvements	$ -	Farm Improvements	$ 81
Labor off Farm	$ 39	Live stock expense	$ 21
Miscellaneous	$ 7	Crop expense	$ 148
		Hired Labor	$ 133
		Taxes	$ 214
		Miscellaneous	$ 18
Total	$ 3,993	Total	$ 2,589

Net Cash Gain	$ 1,404	Net Cash Loss	$ -
Net Inventory Gain	$ 796	Net Inventory Loss	$ -
Net Gain	$ 2,200	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 45 FARM BUSINESS RECORDS IN CASS COUNTY, 1935

Factors useful in analyzing the farm business		Your farm	Average of 45 farms	15 Most profitable farms	15 Least profitable farms
Size of farm--Acres			231 a.	236 a.	232 a.
Acres in crops			168 a.	167 a.	170 a.
Per cent of land area tilled			80.6 %	81.1 %	78.3 %
Gross receipts per acre	$		$ 13.76	$ 18.32	$ 8.71
Total expenses per acre	$		6.76	6.60	6.15
Net receipts per acre	$		7.00	11.72	2.56
Land investment per acre	$		94	100	87
Total investment per acre	$		124	133	110
Acres in Corn			81 a.	80 a.	80 a.
Oats			26 a.	24 a.	26 a.
Wheat			27 a.	25 a.	28 a.
Alfalfa			11 a.	14 a.	7 a.
Yields per acre--Corn			28.9 bus.	36.2 bus.	20.0 bu
Oats			37.6 bus.	39.2 bus.	37.5 bu
Wheat			20.3 bus.	20.1 bus.	18.1 bu
Returns per $100 feed fed to productive live stock	$		$ 218	$ 181	$ 144
Returns per $100 invested in:					
All productive live stock	$		274	196	222
Cattle	$		154	156	137
Hogs	$		313	283	586
Poultry	$		393	338	319
Dairy sales per cow	$		45	43	37
Receipts from productive live stock per acre	$		11.10	16.18	4.68
Investment in productive live stock per acre	$		5.36	8.24	2.11
Man labor cost per $100 gross income	$		22	17	31
Man labor, power, & machinery cost per $100 gross income	$		38	28	54
Man labor cost per acre	$		3.04	3.07	2.68
Total feed cost for horses	$		239	233	241
Power and machinery cost per acre in crops	$		2.93	2.91	2.74
Expense per $100 gross income			$49	36	71
Farms with tractors			22	9	7

TABLE I. Concluded Year: 1935 County: Cass

Item		Your farm	Average of 45 farms	15 Most profitable farms	15 Least profitable farms
Capital Investments					
Land	$		$ 21,629	$ 23,589	$ 20,204
Farm improvements	$		2,650	2,470	2,264
Horses	$		542	609	513
Cattle	$		832	1,316	358
Hogs	$		319	518	74
Sheep	$		15	30	1
Bees	$		3	4	5
Poultry	$		67	80	52
Live Stock--total	$		1,778	2,557	1,003
Machinery and equipment	$		1,204	1,462	936
Feed, grain, and supplies	$		1,360	1,339	1,193
Total	$		28,621	31,417	25,600
Receipts--Net Increases					
Horses	$		$ 45	$ 26	$ 42
Cattle	$		1,004	1,750	287
Hogs	$		1,000	1,467	432
Sheep	$		21	39	2
Bees	$		-	-	-
Poultry	$		121	122	77
Egg sales	$		141	148	89
Dairy sales	$		275	298	202
Live Stock--total	$		2,607	3,850	1,131
Feed, grain, and supplies	$		523	385	866
Labor off farm	$		39	81	20
Miscellaneous receipts	$		7	15	3
Total	$		3,176	4,331	2,020
Expenses--Net Decreases					
Farm improvements	$		$ 144	$ 119	$ 140
Horses	$		-	-	-
Misc. live stock decreases	$		1	-	2
Machinery and equipment	$		297	277	265
Feed, grain and supplies	$		-	-	-
Live Stock expense	$		21	21	15
Crop expense	$		148	163	138
Hired labor	$		133	160	97
Taxes	$		214	209	218
Miscellaneous expenses	$		18	18	18
Total	$		976	967	893
Receipts Less Expenses	$		2,200	3,365	1,127
Total unpaid labor	$		584	593	534
Net income from investment and management	$		1,616	2,772	593
RATE EARNED ON INVESTMENT		%	5.59 %	9.42 %	2.02 %
Return to capital and operator's labor & management	$		$ 2,091	$ 3,252	$ 1,073
5% Interest on investment	$		1,431	1,571	1,280
Labor and Management Wage	$		660	1,681	-207

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 coöperators 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	Oats	Wheat	Cattle	Hogs	Poultry					Per acre	Per farm	
HIGH													
14.30%	50	57	30	$254	$764	$774	$443	$ .30	$1.15	$27	$24.59	$6,303	495
12.59	50	-	-	-	593	743	393	.83	-	-	20.76	5,976	441
11.59	47	56	-	244	553	693	368	1.13	1.24	-	19.76	5,576	411
10.59	44	53	30	229	513	643	343	1.43	1.54	29	18.76	5,176	381
9.59	41	50	28	214	473	593	318	1.73	1.84	33	17.76	4,776	351
8.59	38	47	26	199	433	543	293	2.03	2.14	37	16.76	4,376	321
7.59	35	44	24	184	393	493	268	2.33	2.44	41	15.76	3,976	291
6.59	32	41	22	169	353	443	243	2.63	2.74	45	14.76	3,576	261
AVERAGE													
5.59	29	38	20	154	313	393	218	2.93	3.04	49	13.76	3,176	231
4.59	26	35	18	139	273	343	193	3.23	3.34	53	12.76	2,776	201
3.59	23	32	16	124	233	293	168	3.53	3.64	57	11.76	2,376	171
2.59	20	29	14	109	193	243	143	3.83	3.94	61	10.76	1,976	141
1.59	17	26	12	94	153	193	118	4.13	4.24	65	9.76	1,576	111
.59	14	23	10	79	113	143	93	4.43	4.54	69	8.76	1,176	81
-	11	20	8	64	-	93	-	4.73	4.84	73	7.76	776	-
-	8	17	6	49	-	-	-	5.03	5.14	77	6.76	-	-
LOW													
-.15	3	15	6	45	106	44	75	5.10	5.78	97	5.90	729	80

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THIRTEENTH ANNUAL FARM BUSINESS REPORT
CASS 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 in yet 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 45 Cass 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 45 farms included in this report. 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 Cass county who submitted their records for this report and to the agricultural agent, D. D. Wainscott, who directed this project in Cass 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 45 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
15 Low	Less than 125¼	102	143	15	24	5.78%	$633
15 Medium	125¼ to 180	141	191	27	22	6.01	832
15 High	181 and over	261	358	44	50	4.99	514

In general, as crop acres increase farm returns will increase. This situation holds true in the above tabulations as regards the low and medium groups. The high group, however, had lower returns than either of the other groups. This group not only had more acres in crops than either of the other groups but also much greater numbers of cattle and hogs. Separate tabulations showed that this third or high group had about equal returns from feed fed as did the second group and lower returns than the first group. Corn yields for the first group were slightly under those of the second and third groups with those of the second group being highest. The total average investment of the third group was $45,101, that of the second group $22,874, and $17,289 for the first group. Possibly the much larger capital investment of the third group had something to do with the lower returns for this group when compared with the other two groups. Other enterprises than those mentioned also may have yielded greater proportionate returns for the first two groups. The 15 farms having less than 125¼ acres in crops had an average earning on the investment of 5.78 per cent or a labor and management wage of $633. The next group of 15 farms had an average of 141 acres in crops with a range from 125¼ to 180 crop acres. The average rate earned on the investment for this group was 6.01 per cent or a labor and management wage of $832. The 15 farms having over 181 acres in crops or an average of 261 crop acres had an average earning of 4.99 per cent on the investment or a labor and management wage of $514. 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.

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 the most important single crop, comprising nearly 50 per cent of the acres in crops.

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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 20.5	14.7	73	44.5%	23	21	4.89%	$313
15 Medium	20.6 to 35	29.3	82	49.5	22	32	5.01	536
15 High	36 and over	40.9	88	52.3	41	43	6.88	1,129

These figures indicate that the 15 farms with corn yields of 20.5 bushels per acre and less with an average yield of 14.7 bushels earned 4.89 per cent on the investment or a labor and management wage of $313. The 15 farms with a range in corn yields from 20.6 to 35 bushels per acre and averaging 29.3 bushels had an earning of 5.01 per cent on the investment or a labor and management wage of $536. The 15 farms with yields ranging upward from 36 bushels per acre and with an average yield of 40.9 bushels earned 6.88 per cent on the investment or a labor and management wage of $1,129. The data given above show a decided tendency for farm returns to increase as corn yields increase. It is of interest to observe that as corn yields increased the corn acreage and per cent of crop land in corn increased. The yields of other crops would also have an influence on farm returns, but they are not shown here. Wheat, oats, alfalfa, clover, and some minor crops are produced in Cass county, but corn predominates and would have more influence on farm returns than any other single crop. It should not be inferred that the increases in income noted above are the result of increases in corn yields alone. They undoubtedly were influenced to a greater or less extent, however, by such increases in yields.

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 and Farm Returns

Number of farms	Range in man labor costs	Man labor cost per acre	Total acres	Crop acres	Number of cattle	Number of hogs	Rate earned	Labor and management wage
15 Low	Less than $3.00	$2.45	304	218	34	40	5.38%	$575
15 Medium	$3.01 to $3.50	3.26	224	166	24	29	5.55	578
15 High	$3.51 and over	4.29	165	120	29	28	5.85	826

The data shown above indicate an average earning on the investment of 5.38 per cent or a labor and management wage for the farm operator of $575 on the 15 farms where the labor cost per acre averaged $2.45 and where it ranged downward from $3.00 per acre. Another group made up of 15 farms with an average labor cost per acre of

$3.26, ranging from $3.01 to $3.50 per acre, had an earning on the investment of 5.55 per cent or a labor and management wage of $578. The group of 15 farms with an average labor cost per acre of $4.29, which group included all those farms having a labor cost per acre of $3.51 or more, had an average earning on the investment of 5.85 per cent or a labor and management wage of $826. Other things being equal, farm returns would decrease as labor costs per acre increase. The tabulation above, however, shows that farm returns increase as labor costs per acre increase. The average earnings of the three groups are remarkably uniform, indicating that the disadvantage of high labor costs was offset by attaining advantages in other phases of the farm business. The data given show the first group to have had more cattle and hogs than either of the other groups and the third group had slightly more than the second group. A separate computation showed that the returns from feed fed and investment in productive live stock were greatest for the third group. Higher returns on live stock had a part in overcoming the disadvantage of high labor costs per acre. The second group had higher returns from feed fed than did the first group. This advantage would tend to offset the disadvantage of a higher labor cost per acre. Other more advantageous factors contributed to the higher earnings of those groups with higher labor costs per acre. An inspection of the tabulation shows that the trend of labor costs per acre is to increase as crop acres and amounts of live stock decrease. These figures show 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 machinery and power 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.

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
15 Low	Less than $2.20	$1.45	136	$1414	5.24%	$631
15 Medium	$2.21 to $3.22	2.67	188	1464	5.13	489
15 High	$3.22 and over	4.45	180	2360	6.41	859

The 15 low-cost farms had an average power and machinery cost per acre in crops of $1.45. These costs ranged from $2.20 per acre down. The average rate earned on the investment for this group was 5.24 per cent or a labor and management wage of $631. The group of 15 farms with a range in power and machinery costs per acre in crops from $2.21 to $3.22 or an average of $2.67 had a rate earned of 5.13 per cent or a labor and management wage of $489. The 15 farms with an average power and machinery cost of $4.45 per crop acre, where this cost ranged upward from $3.22, had an earning of 6.41 per cent or a labor and management wage of $859. Power and machinery costs per acre in crops were generally kept at a reasonably low figure by the

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farmers who submitted records for the above tabulation. The average investment in power and machinery per acre in crops for the first group was $10.40, for the second group $7.79, and for the third group $13.11. The higher overhead expense which presumably followed had an appreciable bearing upon the farm earnings. The number of crop acres in the three groups did not vary to a great extent; neither did the earnings of the different groups show a great deal of difference. The earnings of the second group were less than those of the first group. The third group, however, with highest power and machinery costs per acre in crops had the highest farm earnings of the three groups. Generally good crop yields and high live stock returns apparently had a tendency in this instance to overshadow the influence of costs for power and machinery. Other studies have shown a tendency for farm returns to decrease as power and machinery costs increase.

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
14 Low	Less than $150	$120	28	32	$12.71	4.40%	$349
16 Medium	$151 to $210	176	39	44	11.32	5.84	814
15 High	$211 and over	263	19	20	9.71	6.45	785

The 14 farms which had returns for each $100 worth of feed fed ranging downward from $150 had an average rate earned on investment of 4.40 per cent or a labor and management wage of $349. This group of farms carried an average of 28 head of cattle and 32 head of hogs in their inventories. They averaged $120 in productive live stock returns for each $100 worth of feed fed and productive live stock returns were $12.71 for each acre of land in the farm. The 16 farms where the average return was $176 for each $100 worth of feed fed and where the range in returns for each $100 worth of feed fed was from $151 to $210 had an average earning of 5.84 per cent on the investment or $814 as a labor and management wage. The average inventory of cattle and hogs for these farms was 39 head and 44 head respectively and the productive live stock returns per acre were $11.32. The returns for this group were substantially greater than for the first mentioned group and we are justified in concluding that a part of these greater returns were due to the higher returns from feed fed. The third group of 15 farms having an average return of $263 for each $100 worth of feed fed and ranging upward from returns of $211 for each $100 worth of feed fed, had an earning of 6.45 per cent on the investment or a labor and management wage of $785. This group carried an average inventory of 19 cattle and 20 hogs and had live stock returns of $9.71 for each acre of land in the farm. The smaller amount of live stock

carried by this group as compared with the second group might account for the smaller labor and management wage which is influenced to a great extent by the volume of business done. The figures in this tabulation show a definite trend for the rate earned to increase as returns increase for each $100 worth of feed fed. It must not be assumed that the increased earnings were caused entirely by this one factor but the figures indicate a definite trend towards higher returns for those who obtained the most efficient results from feeding live stock.

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

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
15 Low	Less than $192	$161	5.04%	23.04%	66.51%	4.59%	$449
15 Medium	$193 to $249	222	4.85	25.77	63.13	6.63	997
15 High	$250 and over	308	2.66	25.55	60.69	5.57	532

The group of 15 farms where the average returns were $161 for each $100 invested in productive live stock and where the range was downward from returns of $192 for each $100 so invested, had an average earning on the investment of 4.59 per cent or a labor and management wage of $449. The investment in productive live stock for this group was 5.04 per cent of the total investment. The second group of 15 farms having an average return of $222 for each $100 invested in productive live stock and ranging from $193 to $249, had an earning of 6.63 per cent on the investment or a labor and management wage of $997. The investment in productive live stock for this group was 4.85 per cent of the total investment. The larger live stock returns of this group in proportion to the live stock investment over those of the first group were responsible to an appreciable extent for the greater farm returns. The third group of 15 farms with average returns from productive live stock of $308 for each $100 invested in productive live stock and ranging upward from returns of $250, produced an earning of 5.57 per cent on the farm investment or a labor and management wage of $532. The investment in productive live stock of this group was 2.66 per cent of the total farm investment. This group had higher farm returns than the first group but the returns were lower than those received by the second group. The proportion of the live stock investment to the total investment was substantially lower for the third group than for either of the other groups. This would indicate that, if the investment and returns from productive live stock are not considered, the rate earned on the remainder of the farm investment was smaller for the third group than for the second group and larger than for the first group.

COMPARISONS BETWEEN THE MOST PROFITABLE AND LEAST PROFITABLE GROUPS OF FARMS

An examination of Table 1 shows that the average net farm income of the 45 Cass county farms considered in this report was $2,200. The average rate earned on the investment was 5.59 per cent after allowing $40 per month to the unpaid labor

used in operating the business. The 15 most profitable farms had an average net farm income of $3,365 or an earning of 9.42 per cent on the investment. The average net farm income for the 15 least profitable farms was $1,127 with an earning of 2.02 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.

The average number of crop acres for the most profitable farms was 167 acres while the least profitable farms had 170 crop acres thus showing only a slight advantage in this respect for the least profitable farms. In the matter of crop yields per acre the advantage was with the most profitable farms in all cases shown. The average yields per acre for different important crops for the most profitable and least profitable farms were respectively as follows: Corn, 36.2 bushels and 20.0 bushels; oats, 39.2 bushels and 37.5 bushels; and wheat, 20.1 bushels and 18.1 bushels. The average acreage for the above mentioned crops was greater for oats and wheat for the least profitable farms. The corn acreage was the same for both groups while the alfalfa acreage of the most profitable farms was double that of the least profitable farms. The most profitable farms showed a net increase on crops of $385 while this item showed an increase of $866 for the least profitable farms. Apparently the first mentioned farms marketed a greater proportion of their grain through live stock than did the least profitable farms since their live stock investment was much greater in proportion to the total investment than was the case for the least profitable farms.

The man labor cost per acre was $3.07 for the most profitable farms and $2.68 for the least profitable. This was an advantage of 39 cents per acre for the least profitable group. This difference in labor cost seems small but with an average farm of 232 acres it made a difference in income per farm of 39 times 232 or $90.48 over what would have been received had the labor cost per acre been $3.07 which was the cost figure for the most profitable farms.

The costs per acre in crops for power and machinery were $2.91 and $2.74 respectively for the most profitable and least profitable farms. The latter with lower investments in horses and machinery were able to operate at lower net machinery costs and thus obtained an advantage over the former in this item of cost. The difference of 17 cents per acre in crops in favor of the least profitable farms accounted for a saving for the least profitable group of 17 times 170 or $28.90 more than would have been realized had the power and machinery cost per acre in crops been as high as for the most profitable group, ~~$291~~ $2.91.

In feeding efficiency the most profitable farms had a decided advantage. The returns for each $100 worth of feed fed to productive live stock yielded returns of $181 to this group of farms and only $144 to the group of least profitable farms. With nearly four times as much invested in cattle, with seven times as much invested in hogs, with some sheep and a larger poultry investment, the most profitable farms realized productive live stock returns of $3,824 as compared with $1,087 for the least profitable farms.

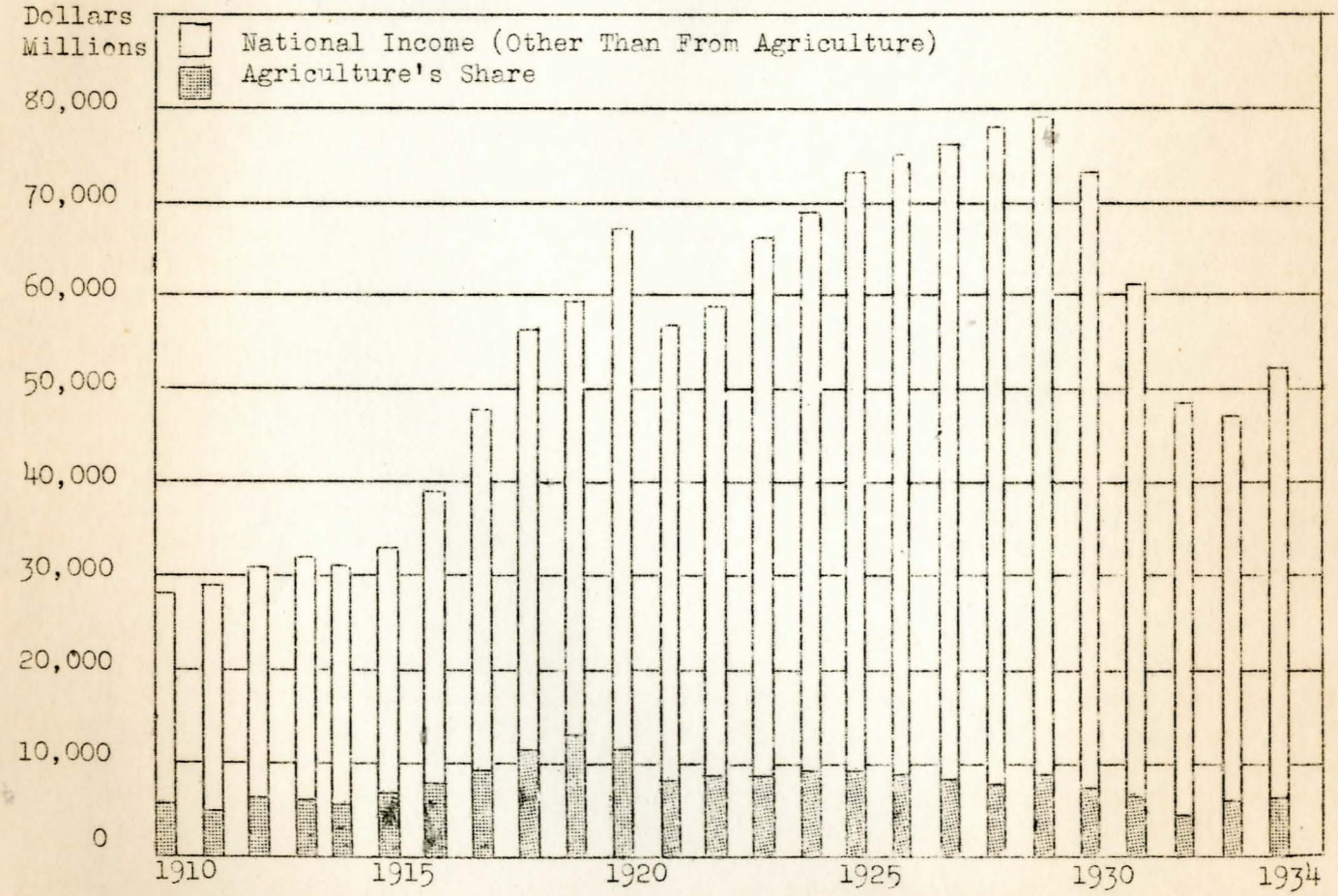
Another indication of live stock efficiency is found in the comparative returns on the investment in productive live stock as between the most profitable and least profitable farms. The former group realized returns of $196 for each $100 invested in productive live stock while for a similar investment the returns were $222 for the latter group. Gains were larger for each $100 invested in all productive live stock for the least profitable group of farms. On the different classes of livestock, this group had higher returns on hogs for each $100 invested in hogs, but on this basis of comparison the most profitable group had higher returns on cattle and poultry.

The returns of the most profitable farms were higher than those of the least profitable farms chiefly because of greater efficiency in feeding and handling a larger amount of live stock. Other contributing factors to this greater gain were higher crop yields and the diversion of a greater proportion of the labor from use on crops to the feeding and care of more live stock. 9937r

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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