

CHAPTER 1 Who Should Farm

*If I were a cobbler, it would be my pride
The best of all cobblers to be;
If I were a tinker, no tinker beside
Should mend an old kettle like me.*
Old Song

PEOPLE WHO WANT TO FARM OUGHT to like farm work and farm life—both man and wife should take pride in being farmers. But as competent farmers well know, liking to farm in itself is not enough for success.

Farming is a varied occupation. For some it means the raising of grain and hay and keeping cows, pigs, and chickens. For others it is the operation of a cattle or sheep ranch or maybe a large-scale wheat farm. For still others it is the business of raising vegetables or tobacco or cotton or fruit or other products. And as to size, a farm may be anything from a few acres with many neighbors nearby to a ranch of thousands of acres with the nearest neighbor many miles away.

A Rewarding Occupation

Farming is a way of life as well as a profit-making business. There's a freedom in farming that is found in few other occupations. Working hours are not run by the clock. Nor does a foreman or other superior constantly check over the work being done. If the farmer wants to take time off, he can do so. His income may suffer if time is taken off at busy periods, of course, but the choice lies with the family and the family alone. In their work and planning, the family learns a tolerance and self-discipline that comes only from working together, and with

nature. And farm people reap the rich rewards, too, of neighborliness—typically a rural virtue.

Of course farming has its disadvantages. For some, the daily chore routine is a hard taskmaster. Work must be done in heat and storm and winter's wind as well as in pleasant weather. Since much farm work must be done by an individual working alone, people who are unhappy when working by themselves seldom enjoy farm life. Moreover, in some areas thousands of farm families still are semi-isolated on poor roads or at a considerable distance from their neighbors.

Working with both an uncertain nature and an unstable economic system makes farm income vary greatly from year to year. Many conveniences—roads, electricity, running water—may cost more than they do in the city. It's probable, too, that farm families on the average do not have quite as high an income as city families of equal ability. And because of the great, continuing need for business capital, the farm family's living standard may be somewhat below what it could be in some other occupation.

But those who love the land and rural living find a satisfaction and freedom in farming that income alone does not measure. They prefer farming as a way of life. And who is to say that such a decision is not a wise one?

What You Need to Succeed

No one person will have all of the best qualifications for success as a farmer. Nor is that necessary. But the beginner should have a fair average if he expects to be successful.

Knowledge of farming and farm practices, judgment, and skill—these three he will need in reasonable amount even as a beginner. Some feel they can succeed if they have enough determination and “stick-to-it-iveness.” It is true that these are partial substitutes for knowledge and experience. But with the larger farms and scientific methods now being used, hard work and willingness to sacrifice are not enough for success.

In a very real sense, today's beginner must start where older farmers leave off. A beginner competes with farmers having knowledge, judgment, skill, and experience, so even if the beginner has a good deal of capital it is important for him not to start too far behind in his knowledge of farming if he hopes to be able to hold his place.

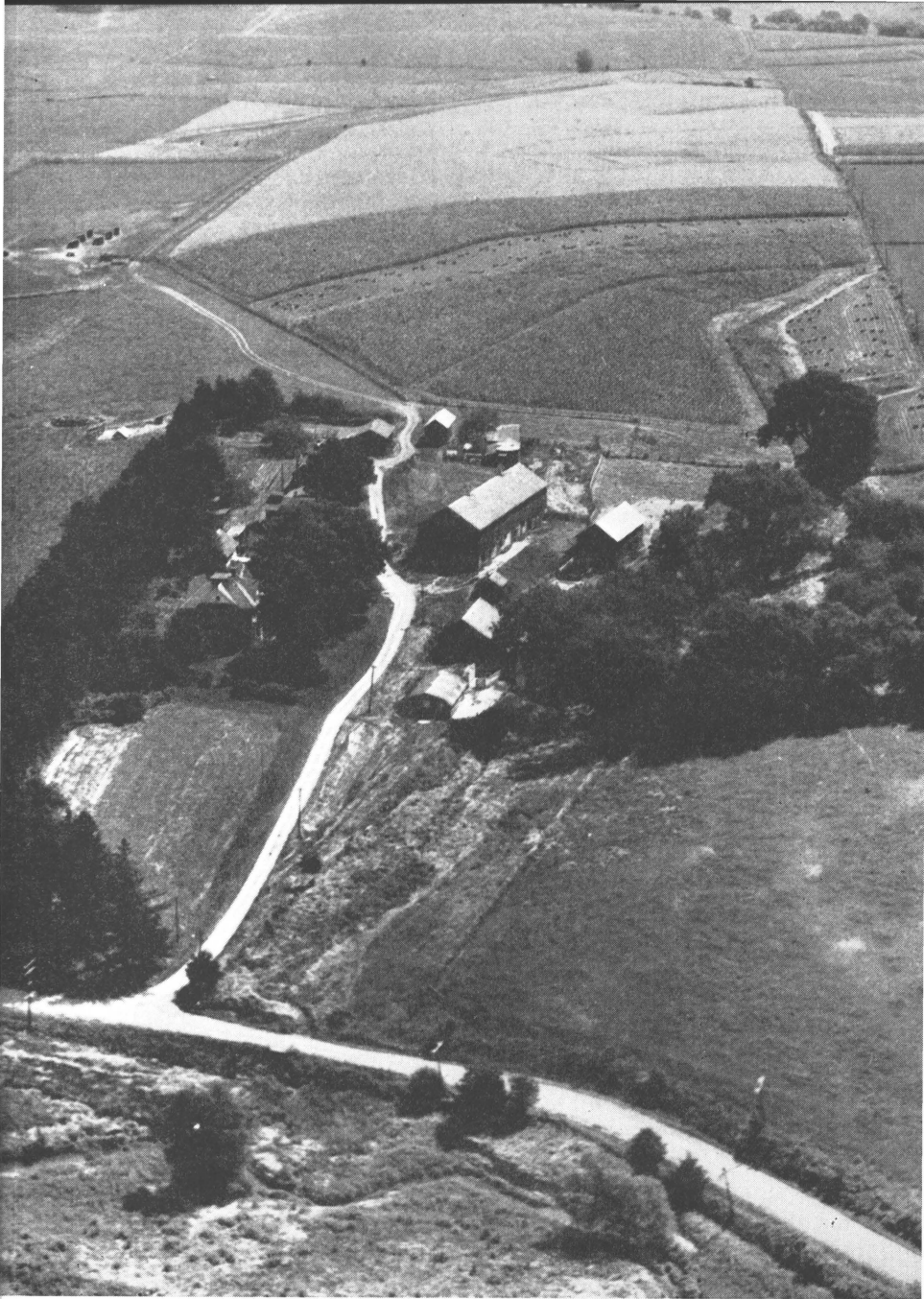


FIG. 1—This scene is typical of the commercial, family-size farms in the Midwest. Located near the Mississippi river in the hog-dairy part of the Corn Belt, the operator and his family on this stock-share rented farm enjoys the comforts of modern life. Note the comfortable home, landscaped grounds with windbreak, well-kept buildings and hogs on clean ground pasture in upper left. Photo by "Parma."

This should not discourage those who have ability and a real interest in being farmers. But it means that they should consider carefully the requirements for successful farming before deciding whether they qualify. The advice and counsel of others with experience and judgment can be of much help. The final decision, however, should be made by the farmer and his wife. If after a thorough study of themselves and of farming the answer in their own minds is to go ahead, let them do so with confidence and a determination to succeed. The many adjustments that must be made can be met as time goes on.

Five Personal Requirements

The most important personal requirements for success have been studied in the Midwest. They are:

1. Ambition to succeed.
2. Knowledge of the details of modern farming.
3. Wife's interest and help.
4. Liking for farming as a life work.
5. Business judgment.

Some factors apparently have little influence on success—inheritance of property, for example. Many who seemed to have a “good start” found later that the challenge to develop themselves was not as great as it was to those who started with less money. Neither is nationality background important. Nor is previous job experience, although most farmers are sons of farm families. In earlier days, having children to help with the farm work was considered important for success. Now, however, the number of children at home has little influence on earnings. This doesn't mean that the farm is not a good place to raise a family. It is.

Farming Is a Family Affair

Farming is an occupation that can make use of the best talents of the family. In return, it can develop the family both as productive workers and worth-while citizens.

Most farming in the Midwest is a family enterprise. There are some large scale "factory farms," of course, but most are family farms, operated and managed as a family enterprise and large enough to provide a good level of family living. Most of the work is done by the family, although some seasonal labor may be hired. Most likely the wife and children take part in the farm work, at least in helping with the garden and chores or in going to town for repairs and the like. Probably they also take part in decisions about operating the farm.

Farming, therefore, is quite in contrast with city living. Few city women have any direct part in their husbands' businesses, and if city children have after-school or vacation-time jobs, their work seldom is directly connected with that of their fathers.

Three Sources of Income

A farm that supports a modern standard of living is a business enterprise. One part of the income is the result of backwork and headwork, labor and management; a second part comes from the use of capital in machinery, livestock and feed; a third part from the use of land and buildings. A study of one Midwest farming area showed that about one-third of the farm income was from each of these three.

It's plain to see that a farmer must be a businessman. And some of the things that make for his success as a businessman are quite different from those important to wage or salary workers. Few city workers, for example, furnish the buildings they work in, the tools or materials they work with, or the desks they work at. In other words, they furnish little capital of their own.

Farmers, on the other hand, usually furnish part or all of the capital they use. They buy livestock, machinery, tools, and other things. Together, these add up to a great deal of capital per worker. Although young farmers often work with an older person who furnishes most of the capital, they generally prefer to have their own machinery, their own livestock, and eventually their own farm.

Decision-Making, Risk-Taking

However important capital may be, the fact that the farmer must decide how to set up and run the business is more important. Decision-making is the crux of being a businessman in any

kind of business, farming included. The farmer must not only be willing to *make* decisions and carry them out, he also must be willing to *live by* the decisions he makes. If he makes good decisions, he will likely be more successful than his neighbors. But if he makes too many unwise decisions, he may end in failure.

Because conditions related to farming are constantly changing, the farmer's decision-making must be guided to a great extent

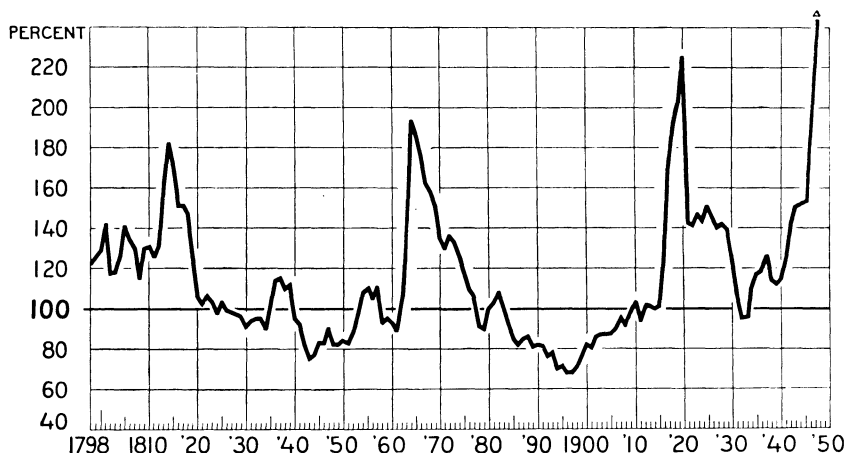


FIG. 2—Wholesale prices of all commodities, United States, 1798–1948. (Index numbers—1910–14 = 100.) A sharp price rise has occurred at each of the four war periods. A downward readjustment follows but these differ in extent and duration. Farm profits come easier in a period of rising prices while money making requires much better management when prices are moving downward.

by the risk he takes. Between 1914 and mid-century, for example, farmers saw two war booms as well as two depressions. Much of a person's success during these years depended upon when he happened to start farming. If he started at or near the peak of a boom and didn't have plenty of his own capital, he may have been wiped out or greatly handicapped by the business and price decline that followed.

As one farmer put it, "I started farming right after I got back from World War I. I thought I could pay off the bank notes that I signed to get started as soon as I sold my first year's crop. The banker thought I could too. But prices broke before the crop was ready. It took seven years to get 'even with the world' because I started the wrong year." This was an exceptional case.

to be sure. Many another man started just before the boom and benefited by the unusually good prices and income. But it illustrates the risk of ups and downs in the business cycle, a risk that farmers as well as other businessmen must constantly keep in mind.

There are other kinds of risks, too. More than one farmer has been forced out by drouth, hail, storm, flood, or a series of bad years before he got a good foothold in farming. Naturally there are good years as well as bad, but if the farmer is to make wise decisions he must study the risks that are part of his business. In farming, these risks are not uniform over the Midwest, nor are they uniform from year to year.

Farming Compared to Other Occupations

Many say they like farming because it offers independence—a freedom they can't always find in other occupations. Of course, doctors, lawyers, veterinarians, and other professional men enjoy independence, too, but a long period of specialized training is required for such work. In a sense, professional workers invest a good deal of capital in themselves rather than investing it in a business as farmers do.

In the vast majority of nonfarm occupations, far more people work for someone else than work for themselves. Their employer may be an individual, or they may work for a partnership, cooperative, or corporation. The wages they get are set by the skill and training required for a particular job, how steady the work is, and how many workers want such jobs. Industrial workers, unlike farmers, also have both their wages and the supply of workers influenced heavily by the strength of labor unions. Table 1 shows the average annual pay for fully employed workers in a few major industries as well as the net income of typical farm operators in the Midwest. These figures point out income differences between workers and businessmen. But because of differences in risk, capital, and management, wages and profits cannot be directly compared.

The risk faced by wage workers is mostly that of unemployment, although some occupations are physically more dangerous than others. Many skilled workers had to take work relief jobs during the depression of the thirties, and at almost any time construction workers have unsteady employment. For example, in the mid-thirties there were jobs for only 60 full-time workers

TABLE 1
INCOME PER YEAR—TWO PERIODS*

Fully Employed Workers†	Moderate Depression‡	Boom Period§	Comments
Textile Industry.....	\$ 965	\$1,700	Pay is rather low, many women workers.
Coal Mining.....	1,150	2,325	Some physical danger.
Construction.....	1,250	2,500	Work is irregular.
Auto Industry.....	1,725	2,950	Machine skill is needed.
Federal Government.....	1,850	2,575	Many have special training.
On Work Relief.....	950		
Typical Farm Operators¶			
N. Dakota Wheat—			
Livestock farm.....	\$ 685	\$4,920	Rainfall uncertain.
Kansas Wheat farm.....	690	7,680	Rainfall uncertain.
South Corn Belt Hog—			
Beef Raising.....	905	3,700	Businesses are rather small.
South Wisconsin Dairy.....	1,120	3,830	Have steadier income.
Corn Belt Hog-Beef			
Feeder.....	1,315	5,700	Use productive land.
Corn Belt Cash Grain.....	1,660	5,900	Use productive land.

* Before income taxes.

† From Department of Commerce.

‡ 1936-40 average.

§ 1942-46 average.

¶ From B.A.E. report F.M.55.

for each 100 normal jobs in the construction industry in good (not boom) years. The auto industry needed only 80 full-time workers during a moderate depression for each 100 in good times.

In farming, on the other hand, the *work* is steady but the *income* is not. During depressions the actual work of farming goes on but farm income drops fast. It rises just as rapidly during booms.

In sizing up the farmer's income with that of wage and salaried groups one should keep in mind that family income for workers during depressions may be as low as that of farmers or lower. But the important thing is that wage earners do not have to risk their capital as farmers do.

Estimating Farm Income

Since farming may be only one choice of an occupation, it may help to estimate the minimum net income that the family feels is an acceptable amount. This figure will vary with families,

of course. For some, \$800 in cash a year would be ample. For others, \$3,000 might be too little.

Suppose, however, a family decides that \$2,000 is a reasonable amount for cash living costs and something for savings as an average over a period of years. This may seem small to a city man. But on a farm, house rent usually is not a separate expense as it would be in town or city. Also, much of the family's food is furnished by the farm and does not take cash directly. Thus \$2,000 a year net cash income from farming before living expenses are paid will be as much as a considerably larger salary in the city.

For a family that accepts this amount, the question would be: What is the minimum size of farm business that will likely bring in \$2,000 cash after expenses are paid? On the average, farm expenses absorb from 40 to 60 per cent of the gross farm income, with even wider variations among individual farms. Because these are only average figures, estimates for individual farms must be made carefully.

Here is an example of one family's estimate:

Average Gross Income Expected (Cash items)	\$4,400
Likely Farm Expenses (Cash and depreciation)	2,400
Remainder	<u>\$2,000</u>
Non-cash Income Items (Meat, milk, etc. for family)	400
Expected Net Farm Income for Average Year	<u>\$2,400</u>

This family must decide whether to try to set up a farm business that will gross an average of \$4,400 with farm expenses averaging \$2,400 annually—or at least one that would average a margin of \$2,000 between gross income and expenses. If the risk is too great, some other business or occupation may seem the better choice.

The size of farm necessary to bring in a given gross income depends on many factors: location, productivity, skill of the manager, type of farming, the level of farm prices, and similar things. These will have to be taken into account in making any estimate of gross and net income possibilities.

What Sort of Farm?

The 1945 census divided farms into three main groups: *family farms* (three sizes), *large farms*, and *small farms* (two

types). The first two are commercial types, the latter noncommercial. Table 2 shows what one would find if he visited 1,000 farms scattered at random over each state.

Commercial Size Farms

The man who is looking for a small or medium size family farm to operate will have a wide range of choice. Many families like this size of farm because less operating capital is required

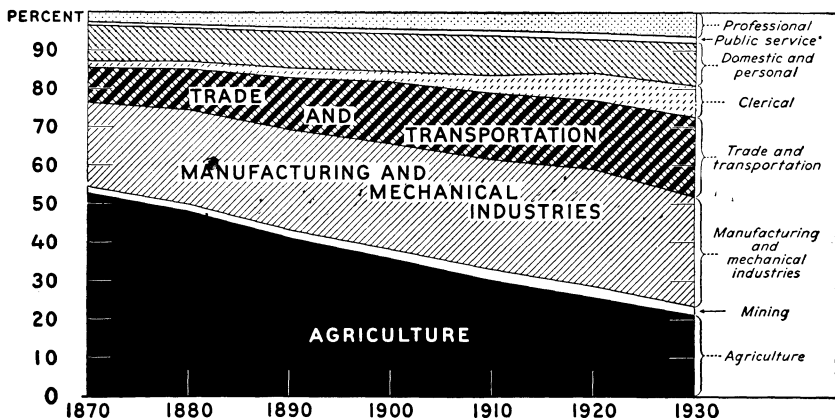


FIG. 3—Shifts in occupations 1870-1930. Percentage of all persons over 16 years of age engaged in each major group of occupations. A farm family on the average, could furnish enough farm products for itself and one other family in 1870. By 1950, farm production per worker had risen so much that one family could supply itself and five others.

than for larger farms and it may be somewhat easier to become an owner. Also, such farms are easier to manage and there is less risk than on larger farms.

Naturally the bigger farms make more profit for the man who has the capital and skill to manage them properly. And living conditions, too, usually are better on larger farms. It isn't uncommon for the men who operate large farms to own one and rent another.

In any case, whatever a man's range of capital and ability might be, there is a commercial size farm available for him. The ambitious man who wants to be a large operator can find a farm to his liking. There are farms for those who want a "small place." And there are the in-between sizes.

Part-Time Farms, Small Holdings

Most part-time farms are found in the more densely populated areas. They fit best around the larger towns and cities where dependable off-farm jobs are to be had within a reasonable driving distance. As the figures in Table 3 show, a part-time farmer ordinarily cannot plan on very much farm production. Usually his other job is the main source of income. But the part-time farm can furnish much of the family food supply as well as "a place to live in the country." Obviously, a part-time farmer should not expect to invest much in machinery for his small farm output.

The small holdings have the least to recommend them. They are too small to give an able man worth-while, income-producing work. Nor will they provide a family with more than a subsistence living in most cases, even in good times. Usually they are too far from good job opportunities for the man to have much outside income. Occasional jobs may be available, but such work doesn't go far toward supporting a family. For

TABLE 2
NUMBER OF FARMS OF VARIOUS SIZES PER THOUSAND FARMS IN EACH STATE *

Area and State	Commercial Type Farms				Non-Commercial Type	
	Family Farms			Big Farms	Small Farms	
	Small	Medium	Large		Part-Time	Small Holdings
Corn Belt						
Ohio.....	315	309	75	9	160	132
Indiana.....	324	308	105	13	133	117
Illinois.....	230	315	250	46	73	86
Iowa.....	203	445	250	32	25	45
Missouri.....	420	230	46	8	96	200
Lake States						
Michigan.....	394	270	45	7	146	138
Wisconsin.....	325	470	70	4	70	61
Minnesota.....	327	448	90	8	53	74
Plains States						
North Dakota....	218	512	190	21	13	46
South Dakota....	297	486	125	11	13	68
Nebraska.....	260	468	166	29	23	54
Kansas.....	314	342	162	33	53	96

* Rural residences, institutional farms, and the like omitted. From 1945 Census of Agriculture.

TABLE 3
SIZE—CAPITAL—INCOME—WORKERS—CONVENIENCES ON MIDWEST FARMS *

Kind and Location	Size		Capital		Farm Income †	Workers ‡	Houses with Running Water
	Total A.	Crop A.	Land-Bldgs.	Machinery			
Family Farms							(%)
Small—							
Corn Belt.	120	56	\$ 8,000	\$ 850	\$ 1,350	1.3	22
Lakes States.	120	54	6,200	1,150	1,450	1.4	26
Plains.	300	140	7,200	1,100	1,650	1.2	12
Medium—							
Corn Belt.	170	100	14,000	1,700	3,750	1.4	33
Lake States.	170	96	11,000	2,200	3,600	1.7	43
Plains.	460	310	13,000	2,000	4,100	1.4	20
Large—							
Corn Belt.	280	180	30,000	3,000	7,200	1.8	50
Lake States.	270	166	22,000	4,000	7,700	2.1	60
Plains.	900	400	25,000	3,500	8,500	1.6	40
Big Farms							
Corn Belt.	520	330	63,000	6,000	22,000	2.9	70
Lake States.	540	310	49,000	8,500	30,000	3.5	80
Plains.	3,200	810	55,000	6,800	23,000	2.3	70
Small Farms							
Part Time							
Corn Belt.	40	16	3,100	360	320	1.3	28
Lake States.	50	16	3,100	440	340	1.3	35
Plains.	60	30	2,600	330	420	1.3	25
Small Holdings							
Corn Belt.	74	28	3,500	360	540	1.2	25
Lake States.	84	30	3,200	450	600	1.2	17
Plains.	180	80	3,600	600	640	1.0	13

* From Special Census of Agr. 1945. Figures are for prices at that time: Corn, \$1.00 per bu.; wheat, \$1.45 per bu.; hogs, \$13.30 cwt.; milk, \$2.90 cwt.; eggs, 32c doz.

† Total income less cost of feed, livestock, fertilizer, lime, and seed bought.

older people who are semiretired though, the small holdings may fit very well. Only a relatively small amount of capital is required to own one, and it furnishes plenty of work for the older man who wants to keep active. Since many of these farms are located in the poorer land sections, the houses usually don't have many conveniences. Probably the Midwest could do with fewer farms of this sort.

Workers, Land, and Capital

Table 3 shows the capital, income, and labor supply on the various types of farms. It also shows whether the houses have running water, a rough index of the conveniences to be found in the farm homes.

Table 3 discloses that as the size of business increases, the amount of capital used increases much faster than the number of workers. This is typical in a commercial farming area whether the farms are owned or rented. A higher percentage of the smaller farms are *owned* by the operator, while a good deal of land usually is *rented* where farms are large.

The small family farms might be called one-man farms, the medium size mostly one and one-half man farms. Large family farms might be described as two-man farms on the average, while big farms use about three men's work. More workers are needed in the dairy area than in the Plains where large machinery is well adapted, a fact that's generally true of dairy farms compared to grain farms. The amount of capital needed to produce about the same income doesn't change much anywhere in the Midwest.

What Is Your Rating?

Here is a scorecard that will enable those who want to farm to check up on themselves.

	YOUR RATING		
	<i>Good</i>	<i>Fair</i>	<i>Poor</i>
1. Ambition to succeed	_____	_____	_____
2. Ability to organize a business	_____	_____	_____
3. My liking for farm work	_____	_____	_____
4. My wife's liking for farm work	_____	_____	_____

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|--|-------|-------|-------|
| 5. Do we agree on most business matters? | _____ | _____ | _____ |
| 6. Do we have enough capital and credit? | _____ | _____ | _____ |
| 7. Our attitude toward using income for
living vs. adding capital to the business | _____ | _____ | _____ |
| 8. Our willingness to accept necessary risks | _____ | _____ | _____ |
| 9. Do I fit the kind of farming carried on
locally? | _____ | _____ | _____ |
| 10. My present knowledge of modern farming | _____ | _____ | _____ |
| 11. Do I try to find and use new ideas? | _____ | _____ | _____ |
| 12. How do others rate my judgment? | _____ | _____ | _____ |