PROGRESS IN BECOMING ESTABLISHED
IN FARMING

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In Partial Fulfillment
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Master of Science

by
Ted Lee Jones
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The undersigned, appointed by the Dean of the Graduate Faculty, have
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CHAPTER I.

INTRODUCTION

Getting established in farming has never been an easy task. Even in the days of the Homestead Act, with so called "free" land, the task was difficult. Land as space was a gift of nature, but the development costs for agricultural uses were tremendous when measured in terms of labor, self sacrifice, hardships, and money required for building a home and improving the land.

The task of getting established in farming appears to be more difficult today than it was in the past. Land and improvements can be rented; but the investment in working capital in 1953 often exceeded the value of the entire farm business in the period of settlement. The difficulties encountered in gaining control of the necessary resources for operating an adequate farm business seem to be increasing. Management problems are greater than in frontier days, too. Superior skill is needed to combine, coordinate, adjust, and maintain the factors of production required for a profitable farm business.

In this study, no attempt is made to try to determine how many beginning farmers are needed as replacements each year, or how to keep young people on the farm. Attention is centered on the procedures that have been used in getting started and the factors such as size and type of business, tenure status, educational training and experience that contributed to the success of the people who made the start in 1953.

OBJECTIVES OF THE STUDY

The investigation has been guided by the following objectives:

1. To determine how young people got started in farming in 1953 in the pasture livestock areas of South Central Iowa and North Central Missouri.

2. To determine the procedures that have proven to be most successful.

3. To find the factors that contributed most to success.

4. To develop standards that can be used as guides by young people who are interested in appraising their chances of success.

Need for the Study.

Data from the 1954 Census of Agriculture show that 36.0 per cent of the farmers in North Central Missouri and South Central Iowa are over fifty-five years of age. Many of these operators will soon retire. Young people will take their places. It is important for these young people to know the amount of beginning capital required; how much family help is needed; the size of farm that will give the best chance of succeeding; the types of enterprises required for stable incomes; the best tenure arrangements; and other facts that will help them to decide whether or not they should attempt to start farming.

Members of the Agricultural College and Extension staffs frequently are asked, "What is the best way for a young man to start farming today?" Obviously, the answer can be different for each individual and for each set of soil, climatic, and marketing conditions. However, general principles can be developed that can be used as guides

in answering these questions. Some of these principles should become evident in the analysis of experiences of farmers who started in business in 1953. The young man who is trying to decide whether or not to make farming his occupation needs this type of information to guide him to a decision.

The prospective future farmer will know, tentatively, the approximate size of farm on which he plans to start, the types of enterprises he will include in the business, the amount of starting capital, and whether he will be a renter or an owner. If data are available to show the percentage of beginning farmers starting under conditions similar to his own, who have gained net worth rapidly, and the percentage who have not, he will have a better understanding of the risk involved than if he must learn solely by trial.

Selecting an occupation is a very important step in the life of every young person. The choice needs to be considered very carefully. Alternative opportunities need to be weighed one against the other if a person wants to enter the occupation which will be most advantageous to him. There is a loss, not only to the individual, but to society, if a man spends several years in an occupation and then becomes an economic casualty. The individual and society would have advanced more if he had chosen an occupation in which he could become established permanently.

METHOD OF INVESTIGATION

In order to obtain data for this analysis, a random selection of 112 geographical townships was made in fifteen Northern Missouri counties and an equal number of townships in fourteen Southern Iowa counties. The names of farmers operating in these townships were taken from the Agricultural Stabilization and Conservation records in each county office. The records in these offices gave the most complete list that could be found. The lists were checked with people who had lived in the county for several years to get the names of farm operators who had started in business in 1953. Operators that qualified were interviewed to get complete information about how they started their businesses and the financial progress they had made.

Missouri townships, generally, are political townships and do not follow the geographical sub-divisions (thirty-six sections) found in Iowa. Because of this fact, the names of farmers in two or three political townships were obtained and superimposed on a map to get a complete list of those living in the geographic townships.

To be included in the study, a beginning farmer had to meet the following conditions: (1) he must have started farming for the first time in 1953; (2) he had to be in position to make or help make the production plans and decisions for farm enterprises that required at least 90 ten-hour days of productive labor per year; (3) he had to be out of full-time formal school before 1953; (4) all or a substantial part of his income had to be derived from his contribution to the farm production; and (5) the farming operation had to be carried out in the

sample township. If the operator lived on the farm, the dwelling had to be in the sample township. If he did not live on the farm, the northern-most and western-most tract of land he operated had to be in the sample township.

The townships included in the survey made up four-sevenths of the area in the twenty-nine counties. The information obtained about the farm business covered a three-year period, 1953-1955. An effort was made to get information from all of the people who started farming in 1953. In Missouri, four operators who had started in that year had quit farming and moved from the area. In Iowa, 13 who had started were no longer farming; 4 were still in the area; and 9 had moved away. This manuscript deals with the 152 records of those who started in 1953 and were still farming at the end of 1955.

SUMMARY OF RELATED RESEARCH

The Missouri-Iowa investigation is part of the North Central Regional study of "How Young Men Become Established in Farming". This work was undertaken by a sub-committee of the North Central Land Tenure Research Committee, and a North Central Regional Committee (NC-15) that had an allocation of regional funds from the United States Department of Agriculture. The work of this committee has dealt with two broad aspects of the general problem of getting started in farming: (1) problems of capital accumulation, tenure arrangements, resource allocation, and other similar items that influence the decision of an individual who is seeking to become established in farming, and (2)

those problems associated with choice of an occupation and the impact of the choice upon farm people, including its impact upon allocation of farm land between beginning and established operators.

Beneke and Pond¹ interviewed beginning farmers in Southeastern Minnesota who had started to farm in 1946. They found that: (1) the farm owners had the largest net worth; (2) work for wages, either farm or nonfarm, had been an unimportant source of capital with which these people had started; (3) help from relatives, together with money saved from service pay and subsistence received in the on-the-farm training program were the principal sources of funds; (4) twenty-two percent of the beginning farmers used no credit; (5) the principal sources of credit for those who used it were: a. commercial banks, and b. individuals (largely relatives); (6) their resources were often unbalanced in that they had a relatively large amount of labor compared to capital (7) the owner-operators who had the largest net worth were using the least capital and had the lowest earnings; and (8) the beginners with partnership agreements had the lowest net worth, but used the largest amount of capital and had the highest earnings.

Starrah² studied farmers who started in business between 1930 and 1938. He found that the major problems encountered dealt with: (1) financial matters; (2) production of crops and animals; (3) inadequate

¹Beneke, Raymond R., and Pond, George A., Starting Farming in Southeastern Minnesota, University of Minnesota Agricultural Experiment Station Bulletin 405, June 1950, pp. 19-20.

²Starrah, J. A., Problems of Beginning Farmers in Iowa, Iowa State College Research Bulletin 313, April 1943, page 516.

housing; (4) procedure of securing foundation livestock; (5) obtaining good land; (6) management, and (7) methods of securing equipment.

"For those who do not have near relatives who own land, obtaining good land is the most difficult problem."³

In 1955, a Minnesota study by Pond, Swanson, and Cavert was based on the experiences of 350 beginning farmers in Southern Minnesota. Part I of the report was based on a survey covering the experiences of a group of young men who had started farming largely during the past five or six years. The initial capital owned by the beginning farmers varied from nothing to \$40,000. The average at the time of starting was \$4,700. Nonfarm work and savings from service pay were the principal means of accumulating capital for veterans and farm work for non-veterans. The eighteen per cent who started farming as owner-operators borrowed approximately fifty per cent of the capital they used. The eighty-two per cent who started as tenants borrowed only ten per cent.⁴

The principal difficulties encountered in starting farming were reported to be "lack of available capital and credit", and "obtaining a farm to operate". Relatives were a great help in overcoming these problems. Sixty-nine per cent of the real estate loans and thirty-eight per cent of the chattel loans were obtained from individuals,

³Ibid, page 518.

⁴Pond, George A., Swanson, Henning W., and Cavert, William L., Starting Farming Today, University of Minnesota Agricultural Experiment Station Bulletin 428, April 1955, pp. 34-36.

mostly relatives. Insurance companies, commercial banks, the Federal Land Bank, and the Farmers Home Administration all supplied starting capital. Forty per cent of all borrowed funds at the start were secured by real estate mortgages. Thirty-two per cent were secured by chattel mortgages. Interest rates paid to commercial banks by beginning farmers were no higher than rates to other borrowers requesting the same type of loans. In some cases, loans were obtained from relatives at lower rates than would have been charged by banks.⁵

All of the beginning farmers increased their net worth during the period of study. The average amount was about \$2,200 per year. Although earnings from farm operations accounted for the major portion of income out of which assets were accumulated, they were supplemented by average annual receipts of \$953 from veterans' subsistence payments, nonfarm employment, and assistance from relatives.⁶

There was no close association between increase in net worth and size of farm, tenure or beginning net worth. Those with higher earnings apparently spent more for family living than those who received low incomes.⁷

Assistance from relatives is an important factor in the success of starting farmers. It may include favorable rental or purchase arrangements, advice and guidance, outright gifts, favorable credit

⁵Ibid

⁶Ibid

⁷Ibid

terms, free use of machinery, and some help with peak labor loads in caring for farm enterprises.⁸

Frank D. Hansing⁹ found in a Virginia study that the most difficult problem for a young man to solve in getting started in farming is to find the money for a down payment on the business. In that area, the process of starting on a small tract and adding to it, piece by piece, is now practiced much less than formerly. Few farmers during recent years have climbed the so-called agricultural ladder. Work at nonfarm employment was more prevalent than had been expected. If the opportunity for rapid accumulation of capital by working in industry should decrease, farm youth would find it difficult to get started in farm home ownership without substantial family help.

Melvin G. Blase¹⁰ stated the chances for success of beginning farmers were enhanced materially by starting with a large business that permitted full seasonal use of equipment and provided for year-round employment of the labor force. Family assistance helped some of the men to get started in a farm business, but in itself did not guarantee success.

⁸Ibid

⁹Hansing, Frank D., "Buying a Farm With or Without Family Help", The Agricultural Situation, Volume 37, number 6, June 1953, pp. 7-8.

¹⁰Melvin G. Blase, "Procedures for Establishing Farm Businesses in Missouri", (Unpublished Master's thesis, University of Missouri, Columbia, Missouri, 1956), pp. 92-93.

Marshall Harris¹¹ suggests that a new type of agricultural ladder has appeared to replace the old one in transferring rights in farm businesses. The new ladder starts with a project agreement on the home farm. The boy serves an apprenticeship and then enters into a partnership with his father. The next step is the transfer phase, where the young man moves into full ownership.

Moore and Wayt¹² found that part-time farmers tend to follow about the same combination of enterprises as full-time farmers, with slightly less intensity, particularly in developing livestock enterprises. The principal reason why more part-time farmers had not gone to full-time farming was the difficulty of building up a sufficiently profitable business while still working off the farm.

In discussing factors affecting savings and debt paying abilities by families on small farms, Hendrix¹³ points out that the emphasis should be placed on increasing production and income rather than reducing living expenses as a means of saving. Experiences of the families whose records were reviewed indicated that incomes large enough to provide at the same time reasonably good levels of living

¹¹Harris, Marshall, "The Agricultural Ladder", Land Economics, August 1950, page 262.

¹²Moore, H. R., and Wayt, W. A., The Part Time Route to Full Time Farming, Ohio Agricultural Experiment Station Research Bulletin 793, September 1956, page 4.

¹³Hendrix, W. E., Capital Accumulation by Families on Small Farms in the Piedmont, Georgia Agricultural Experiment Station Bulletin N. S. 8, August 1955, pp. 13-14.

were essential to either very modest savings or safe credit transactions.

The description of the area where the farmers were interviewed for the study reported in this manuscript is presented in Chapter II. Chapter III contains the findings. This section includes an analysis of the farm businesses, a report of the sources and amounts of income from off-farm work, and the importance of gifts received, based on type of tenure. The analysis includes data for 1953 and 1955. The summary and conclusions are presented in Chapter IV.

CHAPTER II.

DESCRIPTION OF THE AREA

The area where the records were obtained is a part of the pasture livestock region of Northern Missouri and Southern Iowa. The location of the counties where the beginning farmers were interviewed is shown in Figures 1 and 2. The northwestern limit was Adams County, Iowa. The southwestern limit was Gentry County in Missouri. Jefferson County, Iowa, was the northeastern limit and Shelby County, Missouri, was the southeastern limit. The Missouri area extended two counties south from the Iowa line in the extreme western part and three counties south in the eastern part. Linn, Macon, and Shelby counties were the greatest distance south. The area in Iowa extended two counties north from the Missouri line, including Adams and Taylor counties on the west and Jefferson and Van Buren counties on the east. Beef cattle and hogs are the dominant enterprises in both states, but substantial numbers of sheep are found on some farms.

Soils

The area lies in the glacial and loessial region. The predominant upland soil series are Marshall, Sharpsburg, Winterset, Grundy, Haig, Shelby, Lindley, Edina, Wellen, Seymour, and Putnam, as shown in Figures 3 and 4. Waukesha is found on the benches that parallel the streams, and Wabash and Lamour on the flood plains.

Shelby Loam is the dominant soil type. It is largely of glacial origin, and is extensively developed in the northern and western parts

FIGURE 1
NORTHERN MISSOURI COUNTIES WHERE 1953 BEGINNING FARMERS WERE INTERVIEWED
MISSOURI

FIGURE 2
SOUTHERN IOWA COUNTIES WHERE 1953 BEGINNING FARMERS WERE INTERVIEWED

□

MARSHALL

FIGURE 4
PRINCIPAL SOIL ASSOCIATION AREAS IN FOURTEEN SOUTHERN IOWA COUNTIES

IOWA
SSW - Shelby, Sharpsburg, & Winterset
SGH - Shelby, Grundy, & Haig
GH - Grundy & Haig

WL - Weller & Lindley
SSE - Shelby, Seymour, & Edina

of Missouri and in South Central Iowa. The surface features are gently rolling to moderately hilly. In general, the type is more rolling in Sullivan and Putnam counties in Missouri and Appanoose and Wayne counties in Iowa than in other parts of the area. It is one of the most easily eroded soils in the two states. Losses from sheet erosion and gullying are serious problems in its management. This condition influences the type of farming and large areas are left in grass. The greater part of the Shelby loam originally was prairie. Serious deterioration is evident on small farms where it has been extensively cultivated.¹⁴ It was classed as average crop land by Lanpher¹⁵, as shown in Figure 5.

Lindley Loam includes the rougher glacial land in both states. It represents most of the timber land of the region. The topography varies from gently rolling in the area adjoining the prairie soils to very rolling or hilly near streams. A large part of the acreage is too steep for profitable cultivation. The Lindley loam is not as productive as the Shelby loam, as shown in Figure 5. In general, the Lindley loam is used for hay and pasture. Livestock production is the dominant type of farming. It is not adapted to profitable grain

¹⁴Miller, M. F., and Krusekopf, H. H., The Soils of Missouri, University of Missouri College of Agriculture, Agricultural Experiment Station Bulletin 264, January 1929, pp. 34-37.

¹⁵Lanpher, Buel F. Jr., Productivity of Farm Land in Missouri, University of Missouri Agricultural Experiment Station Research Bulletin 465, December 1950, pp. 6-8.

	GOOD CROPLAND
	AVERAGE CROPLAND
	BELOW AVERAGE CROPLAND
	PASTURE LAND

production.¹⁶

Putnam Silt Loam is a level prairie soil, probably loessial in origin, and is found in the eastern part of North Missouri. Practically all of it is in cultivation. The principal problem is poor internal drainage. Corn, oats, wheat, and soybeans are the most important crops grown. The prevailing type of agriculture is general farming. The enterprises include feed grain, hay, and pasture which are used to raise and finish livestock for market. Putnam Silt Loam is better farm land than Lindley Loam.¹⁷

Marshall Silt Loam is of loessial origin. It is a prairie soil and is the most important type in Missouri from the agricultural point of view. The topography is undulating to gently rolling, with generally just enough slope to insure good drainage. It is the dominant corn soil in the area included in the study. General farming is the prevailing type of organization. It combines cash crops with production of livestock. Marshall Silt Loam is found in southwestern Linn County, southeastern Harrison County, and northeastern Daviess County in Missouri, and in the western counties of the Iowa section.¹⁸ It is rated as good crop land in the classification by Lanpher.

Land in Missouri has been divided into three general classes on the basis of its productivity and desirability for agricultural use.

¹⁶ Miller, op. cit. pp. 38-40.

¹⁷ Ibid, pp. 43-46.

¹⁸ Ibid, pp. 31-34.

The areas that fall in each class are shown in Figure 5. The cropland is separated into good, average, and below average grades. Areas not suitable for cultivation are shown as pasture land.

Sharpsburg soils have developed on loessial material under grass vegetation. They occur on upland slopes of two to twelve per cent in association with Winterset soils. The principal problem of Sharpsburg is control of erosion. Winterset soils occur on broad, flat ridgetops. They are moderately slow to slowly permeable, and drainage improvement is usually necessary for best crop yields.¹⁹

Haig soils occur in association with Shelby and Grundy on the upland flats in Southern Iowa. Grundy is found on the two to seven per cent slopes adjacent to the Haig flats. Drainage is the major problem on the Haig soils, and erosion control on the Grundy.

Edina soils occur on flat ridgetops in association with Shelby and Seymour. All three have been developed on loess material under grass vegetation. Seymour soils occupy upland slopes with two to seven per cent grade. Sheet erosion is difficult to control on the Seymour. Drainage and maintenance of fertility are major problems on the Edina soils.²⁰

Wellen Soils occur on two to ten per cent upland slopes in

¹⁹Soil Conservation Service, United States Department of Agriculture, in cooperation with the Iowa Agricultural Experiment Station, Brief Description of Soil Units for Soil Survey in Iowa Soil Conservation Districts, Ames, Iowa, June 1956, pages 4, 39.

²⁰Ibid, pages 4, 38, 22.

Southeastern Iowa. Lindley is usually found associated with Wallen and Clinton soils. All three series have developed on glacial till under forest vegetation.²¹

Climate

Average annual rainfall in the area ranges from thirty-two to thirty-seven inches.²² June is normally the wettest month.

The minimum length of growing season in the northwestern part of the area is 160 days.²³ The minimum length of growing season in the southern part is approximately 170 days.

The normal annual temperature is approximately fifty-one degrees.²⁴ The average crop season temperature, April to September, is approximately sixty-seven degrees. The mean date of the last twenty-eight degree freeze in the spring is April 5, and the first twenty-eight degree freeze in the fall is October 20.²⁵

Localized spots in the twenty-nine county area were drought sections during the 1953-55 three-year period. Data are not available to show the effects of these drought conditions, but they could have

²¹Ibid, pages 9, 10, 18.

²²Reed, Charles D., Temperature Normals, (In cooperation with Iowa Department of Agriculture, 1944.) Page 155.

²³Shaw, Robert H., Thom, H. C. S., and Barger, Gerald L., The Climate of Iowa, Agricultural Experiment Station, Iowa State College, Special Report Number 8, August 1954, page 24.

²⁴Reed, op. cit., page 155.

²⁵Shaw, op. cit., pages 18, 21.

been the major factor in determining income for a number of beginning farmers in one or more of the three years. For those people who had one or more bad years, the rate of capital accumulation may have been lower than could be expected for a long-time average or during three good years. It is doubtful, however, if the average farm income throughout the area was much below what normally could be expected.

Number, Size, and Value of Farms in the Area

The number of farms has been decreasing in the twenty-nine county area. The fifteen counties in Missouri had 26,169 farms in 1950. In 1954 the number had decreased to 22,864, a decline of 12.73 per cent.

The fourteen counties in Iowa had 23,092 farms in 1950. In 1954 the number had decreased to 21,185. This was an 8.25 per cent decrease as shown in Table I. The total number of farms in the twenty-nine county area decreased 5,212, or 10.58 per cent between 1949 and 1954.

During the 1949-54 five-year period, the size of farm in the area increased. The Missouri area had a median of 178.5 acres in 1949, as compared to 201.5 in 1954. The Iowa area had a median of 177.3 acres in 1949 and 191.2 acres in 1954 (Table II).

The average value of land and buildings per farm also increased during the five-year period. The median value per farm in the Missouri area in 1949 was \$11,371, as compared with \$15,154 in 1954. As shown in Table II, in the Iowa counties it rose from \$14,113 in 1949 to \$18,039 in 1954.

The median value of land and buildings per acre in the Missouri area increased from \$57.95 in 1949 to \$70.19 in 1954. In Iowa it

TABLE I

Number of Farms in Fifteen Northern Missouri and Fourteen Southern Iowa Counties, 1950-1954.

Counties	Number of Farms	
	1950	1954
Missouri:		
Adair	1,926	1,721
Daviess	2,108	1,889
Gentry	1,705	1,491
Grundy	1,569	1,420
Harrison	2,513	2,227
Knox	1,392	1,172
Linn	1,951	1,702
Macon	2,802	2,381
Mercer	1,476	1,282
Putnam	1,726	1,417
Schuyler	1,018	903
Scotland	1,356	1,172
Shelby	1,644	1,466
Sullivan	2,077	1,881
Worth	906	740
Total	26,169	22,864
Iowa:		
Adams	1,512	1,355
Appanoose	1,834	1,692
Clarke	1,387	1,260
Davis	1,682	1,535
Decatur	1,744	1,561
Jefferson	1,687	1,601
Lucas	1,482	1,345
Monroe	1,416	1,317
Ringgold	1,670	1,544
Taylor	2,032	1,839
Union	1,458	1,376
Van Buren	1,666	1,532
Wapello	1,794	1,610
Wayne	1,728	1,618
Total	23,092	21,185
Total Change		-5,212
Per Cent Change		-10.58

Source: 1954 Census of Agriculture - Missouri and Iowa, United States Department of Commerce, Bureau of the Census.

TABLE II

Average Size of Farm and Value of Land and Buildings in Fifteen Northern Missouri and Fourteen Southern Iowa Counties, 1950-1954.

County	Average Size Farm		Value of Land and Buildings			
	Acres		Average per Farm		Average per acre	
	1950	1954	1950	1954	1950	1954
Missouri:						
Adair	168.4	188.2	9,731	13,138	53.39	70.19
Daviess	159.5	175.1	11,696	15,154	75.17	85.57
Gentry	170.4	195.9	12,032	17,066	71.70	81.87
Grundy	161.5	178.9	11,776	16,344	72.08	86.03
Harrison	173.8	195.6	12,245	15,066	68.99	72.17
Knox	221.5	244.0	11,371	18,068	48.05	69.80
Linn	180.7	201.7	11,981	16,797	65.58	81.15
Macon	167.7	192.3	8,467	12,420	50.37	61.33
Mercer	185.6	204.3	9,777	11,605	53.03	56.15
Putnam	172.7	204.5	8,494	9,589	45.82	49.29
Schulyer	178.5	194.4	9,152	11,751	46.56	65.62
Scotland	193.8	224.4	11,552	16,568	57.94	70.19
Shelby	182.8	201.5	10,590	17,185	58.54	80.90
Sullivan	186.5	208.2	9,698	11,104	51.82	54.66
Worth	183.7	210.6	12,597	15,415	74.82	71.72
MEDIAN	178.5	201.5	11,371	15,154	57.95	70.19
Iowa:						
Adams	175.7	193.8	19,582	26,979	110.59	131.49
Appanoose	168.1	181.0	9,346	13,524	57.52	73.14
Clarke	187.5	205.9	15,036	22,769	79.71	104.71
Davis	178.9	197.0	10,978	15,602	60.54	77.94
Decatur	184.2	201.8	11,807	14,377	64.52	70.80
Jefferson	152.7	160.7	16,950	24,867	109.66	148.27
Lucas	174.2	189.9	12,322	17,120	67.76	85.30
Monroe	180.5	191.9	10,564	13,836	56.80	67.70
Ringgold	201.1	218.3	14,747	17,981	71.02	83.55
Taylor	164.5	180.0	17,866	20,523	104.84	110.29
Union	180.2	190.5	19,475	23,172	108.14	120.94
Van Buren	172.6	186.7	11,537	18,095	67.66	92.96
Wapello	139.7	153.6	15,127	21,584	109.88	139.12
Wayne	190.6	201.2	13,479	17,392	72.17	80.83
MEDIAN	177.3	191.2	14,113	18,038	72.05	89.13

Source: 1954 Census of Agriculture - Missouri and Iowa, United States Department of Commerce, Bureau of the Census.

rose from \$72.05 in 1949 to \$89.13 in 1954.

Number of Commercial Farms and Acres of Crop Land Harvested

The number of commercial farms decreased in the twenty-nine county area from 1949 to 1954, as shown in Table III. However, the number in Class I, Class II and Class III increased. Commercial farms are divided into six groups on the basis of the total value of all farm products sold,²⁶ as follows:

Class I	\$25,000 or more
Class II	10,000 to 24,999
Class III	5,000 to 9,999
Class IV	2,500 to 4,999
Class V	1,200 to 2,499
Class VI	250 to 1,199.

The number selling the largest amounts of farm products increased as the total number decreased.

The number of farms harvesting over 100 acres of crops increased from 1949 to 1954. During the same period, the number of farms harvesting less than 100 acres decreased (Table III).

Tenure Conditions

The trend in the area has been toward farm enlargement by renting additional land. The number of full owners and tenants decreased during the five-year period 1949-1954, but the number of part owners increased. There was a decrease of 3,033 full owners and 1,877 tenants. The part owners increased by 552, as shown in Table IV.

²⁶United States Bureau of the Census, United States Census of Agriculture: 1954, Missouri, Volume 1, Counties and State Economic Areas, part 10, United States Government Printing Office, Washington, D. C., 1956.

Table III

Number of Commercial Farms and Acres of Crop Land Harvested in Fifteen Northern Missouri and Fourteen Southern Iowa Counties, 1949-1954.

Commercial Farms	Missouri		Iowa		Total	
	1950	1954	1950	1954	1950	1954
Class I	166	203	206	313	372	516
Class II	1,180	1,593	1,823	2,133	3,003	3,726
Class III	3,754	4,326	5,516	5,012	9,270	9,338
Class IV	6,674	5,308	6,132	5,542	12,806	10,850
Class V	6,110	4,588	4,100	3,700	10,210	8,288
Class VI	3,664	2,923	2,206	1,665	5,870	4,588
Total	21,548	18,941	19,983	18,365	41,531	36,306
Change:						
Number		- 2,607		- 1,618		- 4,225
Percent		- 12.10		- 8.10		- 10.17

Acres of Crop Land Harvested	1949	1954	1949	1954	1949	1954
1 - 9	1,622	1,247	1,263	966	2,885	2,213
10 - 19	2,053	1,497	1,131	911	3,184	2,408
20 - 29	2,163	1,450	1,271	994	3,434	2,444
30 - 49	4,207	2,991	2,791	2,377	6,998	5,368
50 - 99	7,143	5,868	7,015	5,951	14,158	11,819
100 - 199	4,685	5,184	6,048	6,230	10,733	11,414
Over 200	1,324	1,937	1,384	1,679	2,708	3,616

Source: 1954 Census of Agriculture - Missouri and Iowa, United States Department of Commerce, Bureau of the Census.

TABLE IV

Tenure Conditions in Fifteen Northern Missouri and Fourteen Southern Iowa Counties, 1950-1954.

Tenure	Missouri		Iowa		Total	
	1950	1954	1950	1954	1950	1954
Full Owner	15,209	13,566	13,388	11,998	28,597	25,564
Part Owner	5,356	5,656	4,001	4,253	9,357	9,909
All Tenants	5,123	4,053	5,686	4,888	10,818	8,941
Percent of Tenancy	19.97	17.41	24.64	23.12	22.18	20.13
Cash Tenants	950	543	760	497	1,710	1,040
Share-Cash	2,044	1,503	2,817	2,358	4,861	3,861
Share and Cropper	1,504	1,434	1,548	1,619	3,052	3,053
Share-crop and croppers	750	646	381	464	1,131	1,110
Livestock share	754	788	1,167	1,155	1,921	1,943
Other	634	573	561	414	1,195	987

Source: 1954 Census of Agriculture - Missouri and Iowa, United States Department of Commerce, Bureau of the Census.

The number of cash, share and cash tenants decreased, but the number of share cropper tenants stayed the same, (Table IV).

Amount of Off Farm Work in the Area

The number of farm operators with nonfarm income greater than the value of farm produce sold varied between the two states. In 1949, the Missouri area had 4,365 farm operators with nonfarm income greater than the value of farm products sold. In 1954, 3,897 operators had more income from off-farm work than from the farm. This is a decrease of 10.72 per cent. In the Iowa area, 3,166 operators received more than one-half of their income from off-farm sources. By 1954, the number had increased to 3,411 - a gain of 7.74 per cent.

The number of farmers in the Missouri counties who were working off their farms in 1949 was 7,925. In 1954 the number had increased to 8,005 - a gain of 1.01 per cent. In the Iowa area, 7,208 operators were working off their farms in 1949. In 1954 the number had risen to 8,385 - an increase of 16.33 per cent. In 1949, 3,478 Missouri operators were working off their farms 100 days or more. In 1954 the number had declined to 3,411. This was a 1.93 per cent decrease. In 1949, 3,169 Iowa operators worked off their farms 100 or more days. By 1954 the number had increased to 3,562. This was a 12.4 per cent increase (Table V). The data show that off-farm employment opportunities have been increasing more rapidly in the fourteen Iowa counties than in the fifteen Missouri counties.

Chapter III contains an analysis of the farm businesses of the 1953 beginning farmers. It is based upon tenure status when the men

TABLE V

Off Farm Work by Farm Operators in Fifteen Northern Missouri and Fourteen Southern Iowa Counties, 1949-1954.

Off Farm Work	<u>Missouri</u>		<u>Iowa</u>		<u>Total</u>	
	1949	1954	1949	1954	1949	1954
Farm Operators:						
With other income of family exceeding value of farm produce sold	4,365	3,897	3,166	3,411	7,531	7,308
Number reported working off farm	7,925	8,005	7,208	8,385	15,133	16,390
Number working off farm 100 days or more	3,478	3,411	3,169	3,562	6,647	6,973
Change		-67		✓ 393		✓ 326
Percent change		-1.93		✓ 12.4		✓ 4.92

Source: 1954 Census of Agriculture - Missouri and Iowa, United States Department of Commerce, Bureau of the Census.

started farming for the first time. Particular attention is given to size of business, family assistance, credit conditions, income from off-farm work, and changes in net worth.

CHAPTER III

FINDINGS

PERTINENT FACTS ABOUT BEGINNING FARMERS

Background of Beginning Farmers

One hundred fifty-two of the operators who began farming in 1953 in 29 counties of North Central Missouri and South Central Iowa were still farming at the close of 1955. The findings discussed here deal with the experiences of this group. As shown in Table VI, 84.9 per cent of these men had previous farm experience. Members of the entire group had completed an average of 11.7 years of school. Seventy-eight per cent were high school graduates. Seven had finished college. Thirty-six per cent of the men had 4-H Club experience, and 51 per cent had taken Vocational Agriculture in high school. The average age at the time they started farming was 25.4 years. Seventy-seven per cent were married at the time they began farming. Ninety-five per cent of the men were farm reared. Seventy-seven per cent were veterans, and 18 per cent attended Institutional-On-Farm Training classes in 1953.

Twenty-three per cent of the group received family help valued at five hundred dollars or more in 1953. Eleven per cent had received five hundred dollars or more of family help prior to 1953.

The most important source of land farmed by 48 per cent of the men was their parents' farm. Other relatives' farms was the most important source for 4.6 per cent of the men.

TABLE VI

Pertinent Facts About 1953 Beginning Farmers in Fifteen Northern
Missouri and Fourteen Southern Iowa Counties, 1953.

Farm Operators:

Number starting to farm in 1953	152
Average age when started farming	25.4
Average number of years of formal education	11.7
Percentage of high school graduates	77.6
Percentage of college graduates	4.6
Percentage with Vocational Agriculture training in high school	51.3
Percentage that had been 4-H Club members	36.2
Percentage married when started farming	77.0
Percentage with farm experience prior to starting to farm	84.9
Percentage of veterans	67.1
Percentage of veterans with On-the-Farm Training in 1953	18.4
Percentage receiving family help of \$500 or more:	
Before 1953	11.2
During 1953	23.0
Percentage whose most important source of land farmed was parents' farm	48.0
Percentage whose most important source of land farmed was other relatives' farm	4.6
Percentage of operators who were farm reared	95.4

PROCEDURE IN ANALYSIS

For purposes of analysis, the records were divided according to type of tenure with which the man began farming. Six basic tenure groups were found. The number of men starting in each group were as follows: (1) owner-operator, 13; (2) part-owner, 17; (3) cash tenant, 6; (4) crop share tenant, 32; (5) crop-share-cash, 37; and (6) live-stock-share tenant, 47.

An analysis of the firm based on type of tenure was made for 1953. A similar analysis composed of the original group in 1953 was made of the 1955 businesses of each group. Comparisons were made among the various tenure groups. The major factors considered were change in net worth, change in total assets under the operator's control, size of business, off-farm work, family help, tenure status, credit, and indebtedness.

SOURCES OF STARTING CAPITAL

Funds Supplied by the Operator

One hundred four of the 116 married operators furnished most of the funds with which they started farming. Six wives furnished the major share of funds. One couple thought each had contributed equally to the beginning capital. Five couples said their beginning funds were nil. They were able to find a land owner who would supply the land and equipment. Fifty operators reported earnings from work on their parents' farm was the major source of capital with which they started farming (Table VII). Savings from the income earned while in

TABLE VII

Major Source of Beginning Funds of 1953 Beginning Farmers in Fifteen Northern Missouri and Fourteen Southern Iowa Counties, According to Type of Tenure in 1953.
(Number receiving funds from each source.)

Source	Owner- operator	Part- owner	Cash	Crop share	Crop share cash	Livestock share	Total
None		1		2	3	5	11
Parents' farm	1	8	1	11	13	16	50
Other farm work	1	1	1		2	5	10
Armed services	5	4	3	12	3	13	40
Education				1	1		2
Bookkeeping and secretarial		1		1	1		3
Public service (non-skilled)		1			1		2
Public service (skilled)	2	1	1		1	1	6
Industrial (non-skilled)	1			1	2		4
Industrial (skilled)	3			4	9	7	23
Private business					1		1
TOTAL	13	17	6	32	37	47	152

the armed services was considered the major source by forty men. Money from skilled industrial labor was the major source for twenty-three men. Income from work as a hired farm hand enabled ten men to get started in farming.

The major source of capital used by tenants was savings while in the armed services, and wages while working at skilled industrial jobs. Thirty-eight per cent of the owner operators got their start from savings in the armed services. The beginning funds for 47 per cent of the part-owners were obtained from working on their parents' farms. Savings from armed service pay was the major source for 50 per cent of the cash tenants. Thirty-eight per cent of the crop share tenants reported that savings from armed service pay was the major source of starting capital. However, 34 per cent considered earnings from work on their parents' farms to be the major source. The major source for 35 per cent of the crop share cash tenants was earnings from work on their parents' farms. Twenty-four per cent considered earnings from skilled industrial labor to be the major source of their beginning funds. Thirty-four per cent of the livestock share tenants reported earnings from work on their parents' farms to be the principal source. Twenty-eight per cent considered savings from armed service pay to be the major source.

As shown in Table VIII, eighty-one operators reported that they did not have a second major source of funds with which to start farming. Twenty-six operators reported savings from armed service pay to be the second major source. Skilled industrial jobs was the second major source for ten operators.

TABLE VIII

Second Major Source of Beginning Funds of 1953 Beginning Farmers in Fifteen Northern Missouri and Fourteen Southern Iowa Counties, According to Type of Tenure in 1953.

Source	Owner- Operator	Part- Owner	Cash	Crop Share	Crop share Cash	Livestock Share	Total
None	7	9	2	20	15	28	81
Parents' farm				1	3	1	5
Other farm work	1			1		1	3
Armed services	1	4		5	7	9	26
Education					2		2
Bookkeeping and secretarial		1	1		4	3	9
Public service (non-skilled)	1	1	1	1	1	1	5
Public service (skilled)	1	1	1	1			4
Industrial (non-skilled)	2		1		3	1	7
Industrial (skilled)	1	1		3	2	3	10
Private business	—	—	—	—	—	—	0
TOTAL	13	17	6	32	37	47	152

The sources of initial funds for most of the 1953 beginning farmers were income from their parents' farms, the armed services, and off-farm industrial labor. Very few men secured beginning funds from labor as hired farm hands. This is further evidence of the old concept of the agricultural ladder being replaced. The first phase, work as a hired farm laborer, is being skipped by beginning farmers.

BORROWED FUNDS

Non-Real Estate Credit

Twenty-five per cent of the men did not use non-real estate credit in 1953. As shown in Table IX, 114 operators received 166 loans that averaged \$1,441 each. Crop-share-cash tenants borrowed an average of \$1,854. This was the largest amount borrowed by any tenure group. Cash tenants borrowed the smallest amounts, which averaged \$817 per man. Crop-share-cash tenants had the longest term on their loans. It averaged 13.9 months. Crop share tenants loans were for the shortest term, with an average of 5.2 months. The average term for the entire group was 7.9 months. The major purposes of the loans were operating expenses, livestock purchases, and machinery purchases. A small number of consumption and real estate improvement loans were obtained.

Source, interest rate and term.—Commercial banks were the major source of non-real estate credit, as shown in Table X. Seventy-eight of the 166 loans were obtained from this source. The average interest rate was 6.5 per cent, and the average term 8.42 months. The average amount loaned by commercial banks was \$1,291. The average amount per loan from all sources was \$1,320.

TABLE IX

Average Interest Rates, Terms, and Amount of Non-Real Estate Credit Used by Beginning Farmers During 1953
in Fifteen Northern Missouri and Fourteen Southern Iowa Counties, by Type of Tenure.

	Owner- Operator	Part- Owner	Cash	Crop Share	Crop share Cash	Livestock Share	Total
Number using credit	8	10	5	23	33	35	114
Number of loans	14	13	9	30	51	49	166
Average interest rates	2.7	2.8	5.2	2.9	4.9	3.4	3.6
Average term (Months)	6.0	7.3	7.8	5.2	13.9	5.6	7.9
Average amount <u>1/</u>	\$1138	\$900	\$817	\$1003	\$1854	\$1774	\$1441

1/ One hundred fourteen men borrowed an average of \$1922.

TABLE X

Average Interest Rates, Term, and Amount of Non-Real Estate Credit, by Source, Used by Beginning Farmers During 1953 in Fifteen Northern Missouri and Fourteen Southern Iowa Counties.

Source	Number of Loans	Average Interest (Percent)	Average Term (Months)	Average Amount (Dollars)
Individuals:				
Family	25	No Interest	Indefinite	
	6	5.0	Indefinite	
	4	5.0	16.5	
	<u>35</u>	<u>1.4</u>	<u>1.88</u>	1,534
Landlord	2	No Interest	Indefinite	
	1	5.0	12.0	
	<u>3</u>	<u>1.7</u>	<u>4.0</u>	2,133
Merchant	10	No Interest	5 Loans	
			Indefinite	
	13	6.85	17 Loans 11.3	
	<u>23</u>	<u>3.9</u>	<u>8.35</u>	622
Other	2	No Interest	Indefinite	
	4	5.7	15.0	
	<u>6</u>	<u>3.8</u>	<u>10.0</u>	1,150

(continued)

TABLE X, continued.

Average Interest Rates, Term, and Amount of Non-Real Estate Credit, by Source, Used by Beginning Farmers
During 1953 in Fifteen Northern Missouri and Fourteen Southern Iowa Counties.

Source	Number of Loans	Average Interest (Percent)	Average Term (Months)	Average Amount (Dollars)
Government:				
PCA	4	5.25	12.00	1,550
FHA	8	4.87	44.25	2,913
CCC	3	4.66	12.00	1,067
Commercial:				
Bank	78	6.50	8.42	1,291
Loan Company	6	8.66	18.00	733
All Sources	166	3.3	7.2	1,320

Family loans were the second largest source, the total number being 35. Twenty-five were without interest and for indefinite periods of time. Six bore a 5.0 per cent interest charge, with an average term of 16.5 months. The average amount borrowed from the family was \$1,534.

Merchants were the third largest source of credit. Twenty-three loans, averaging \$622, were obtained from retailers. Ten loans had no interest charge. Five of these were for indefinite periods of time. Thirteen loans carried an average of 6.85 per cent interest. Seventeen loans had an average term of 11.3 months.

Farmers Home Administration was the fourth major source of credit. This agency loaned to 8 of the beginning farmers. The loans averaged 4.87 per cent interest, with a term of 44.25 months. The average amount was \$2,913.

Security.—Forty-two of the 166 loans were obtained with the operator putting up no security. Most loans of this type were made by family members. A chattel mortgage on the item purchased with the money furnished security for 31 loans. A chattel mortgage on an item already owned by the borrower furnished security for 21 loans. Eighteen loans were secured by having a family member cosign the note. Signatures of non-relatives and real estate mortgages were security for a small number of loans.

Real Estate Credit.

The average value of land that had been acquired by 23 of the men prior to 1953 was \$6,517. Four of them had inherited the land. One

did not farm the land or receive any income from it during the study period. Five men had made cash purchases.

Thirteen credit buyers in the ownership group had made average down payments of \$2,546. One credit buyer purchased his land on an installment contract and made no down payment. The average interest rate was 4.57 per cent. Three men had indefinite term loans. The average length for 11 of the men was 17.2 years. Seven of the 14 credit buyers had flexible payment plans which permitted the buyer to adjust the size of his payment in accordance with his income. The remaining 7 had average payments of \$386 per year.

Real estate purchases.—Ten men purchased land in 1953. Seven loans were secured by a mortgage on the farm real estate. Three men in Iowa used purchase contracts.

Desire for farm ownership was the major reason for 5 land purchases. Two men had to buy in order to obtain a farm. One man bought to enlarge his present farm. Uncertainty of tenure on rented land was the major reason for 2 purchases.

Four men purchased land from a non-farm person within 50 miles of the farm. Three operators acquired land from retired farmers, while 2 men bought land from active farmers who were ready to retire or to enter another occupation.

Four owner-operators, five part-owners, and one share cash tenant purchased land in 1953. The average value of the acquired land, by tenure groups, was: (1) owner-operators, \$5,875; (2) part-owners, \$11,200; and (3) share-cash tenants, \$10,400. Two owner-operators

and two part-owners did not make down payments. Two owner-operators made average down payments of \$900. The average for part-owners was \$5,500, but one part-owner paid \$12,000 down. The money was a gift from his family. The share cash tenant made a \$5,200 down payment.

One owner-operator and one part-owner were not charged interest. They purchased their land from members of the family. The average rate for other purchasers was 5.5 per cent.

Two owner-operators obtained a loan of indefinite length. The average term for the other men was 8.4 years. Seven men had flexible annual payments. Three men had average annual payments of \$733.

Total Amount Borrowed.

The average amount of money borrowed by the various tenure groups was as follows: (1) owner-operators, \$5,992; (2) part-owners, \$5,288; (3) cash tenants, \$817; (4) crop-share tenants, \$1,003; (5) crop-share-cash renters, \$1,995; and (6) livestock-share tenants, \$1,849. The average per man for all groups was \$2,319. Those who used real estate credit borrowed the following amounts secured by liens on land and improvements: (1) owner-operators, \$3,854; (2) part-owners, \$4,388; (3) cash tenants, none; (4) crop-share renters, none; (5) crop-share-cash, \$141; and (6) livestock-share tenants, \$74. The average per man for those using real estate credit was \$743.

Family Assistance

One hundred thirty-eight gifts, averaging \$769, were received by 88 operators. As shown in Table XI, livestock share tenants received 50 gifts. This was the largest number received by any tenure group.

TABLE XI

Type and Amount of Family Help Received By Beginning Farmers During 1953 in Fifteen Northern Missouri and Fourteen Southern Iowa Counties, by Tenure Groups.

Type of Gifts	Owner		Part-Owner		Cash		Crop-Share		Crop Share-Cash		Livestock Share	
	No.	Average amount	No.	Average amount	No.	Average amount	No.	Average amount	No.	Average amount	No.	Average amount
Cash	-	-	1	\$2500	-	-	3	\$ 300	-	-	-	\$1000
Livestock	1	\$100	2	300	3	\$267	2	100	4	\$600	14	557
Machinery	-	-	-	-	1	100	-	-	-	-	5	1000
Feed, seed, etc.	1	100	3	267	3	800	1	1100	1	100	6	767
Use of family machinery and unpaid family labor	2	150	5	200	1	300	19	300	18	261	19	363
Farm real estate	-	-	1	12000	-	-	1	100	-	-	-	-
Household goods	-	-	2	350	-	-	7	329	6	267	5	320
Total number gifts and average amount	4	\$125	14	\$ 1257	8	\$450	33	\$312	29	\$303	50	\$538

Owner-operators received the smallest number of gifts. The major types were use of family machinery and unpaid family labor.

Certain kinds of family assistance cannot be assigned a money value. Renting the family farm, help from the family in renting land in the community, cosigning of notes, and advice in making management decisions are examples. These items may be of greater value than the gifts listed in Table XI.

It should be recognized, however, that advice and guidance from the family may be a hindrance rather than an aid in certain cases. Family pressure on young men to rent small, inefficient farm units is an example of this type.

Equity

The low equity position of each operator from whom data were obtained was determined by using the following formula:

$$\text{Low Equity} = \frac{\text{Net Worth, January 1, 1953}}{\text{Net Worth, January 1, 1953} \div \text{Total Amount Borrowed in 1953}}$$

For example: Net worth January 1, 1953 = \$6,000.

Total amount borrowed in 1953 = \$1,500.

Then $\frac{\$6,000}{\$6,000 \div \$1,500} = 80$ percent, or the low equity position of this operator in 1953.

The average low equity for each tenure group was as follows: (1) crop-share tenant, 80.9 per cent; (2) cash tenant, 80.0 per cent; (3) live-stock-share tenants, 77.6 per cent; (4) crop-share-cash, 73.2 per cent; (5) part-owner, 70.1 per cent; and (6) owner-operator, 67.2 per cent. Real estate loans were the reason the owners and part-owners had the lowest average equity.

Credit Refusals

Seven operators were refused credit in 1953. Four of them had one refusal, and 3 were refused 3 times. Six men were refused because they had insufficient security for the loan. The other men were refused because the lender thought the purpose for which the money was sought was too risky.

THE FARM BUSINESS

General farming is the dominant type in the area. Only 2 operators did not have livestock in 1953. Beef cattle, hogs, and dairy cattle were the major livestock enterprises, but a few farmers had major sheep or poultry enterprises along with their other livestock.

Size of Business

As shown in Table XII, livestock-share tenants were on the largest farms. They had an average of 232 acres. Cash tenants were on the smallest farms, averaging 100 acres. The average size of all farms was 196 acres.

Acres of cropland, including hay and rotation pasture.—Operators with crop-share-cash leases had the highest average acreage of cropland (125 acres). Livestock-share tenants followed closely with an average of 123 acres. Cash tenants had the smallest number of acres, with an average of 57. The entire group had an average of 112 acres, as shown in Table XIII.

Use of cropland.—As shown in Table XIV, the average number of acres in corn, wheat and soybeans in 1953 was 69 acres. Crop share

TABLE XII

Size of Business in Terms of Total Acres Operated by Beginning Farmers in Fifteen Northern Missouri and Fourteen Southern Iowa Counties During 1953, by Tenure Groups, (Number of Operators in Each Tenure Group)

Total Acres	Owner	Part Owner	Cash	Crop Share	Crop Share Cash	Livestock Share	Total
40 - 119.9	3	2	4	10	3	5	27
120 - 199.9	8	5	2	13	19	18	65
200 - 279.9	1	5		7	10	10	33
280 - 359.9	1	4		1	4	7	17
360 - 439.9		1				2	3
440 - 519.9					1	4	5
520 - 599.9				1		1	2
Total	13	17	6	32	37	47	152
Average Size (Acres)	153	218	100	163	198	232	196

TABLE XIII

Size of Business in Terms of Acres of Cropland Operated by Beginning Farmers in Fifteen Northern Missouri and Fourteen Southern Iowa Counties During 1953, by Tenure Groups (Number of Operators in each Tenure Group)

Acres of Cropland	Owner	Part Owner	Cash	Crop Share	Crop Share Cash	Livestock Share	Total
0 — 29			2				2
30 — 59	5	3	2	3		2	15
60 — 89	4	4		7	11	11	37
90 — 119	3	1	1	10	9	14	38
120 — 149		6	1	6	8	7	28
150 — 179	1			3	3	6	13
180 — 209		1		2	4	2	9
210 — 239		1		1		2	4
240 — 269		1			1	1	3
270 or Over					1	2	3
Total	13	17	6	32	37	47	152
Average Acres of Cropland	72	116	57	107	125	123	112

TABLE XIV

Size of Business in Terms of Acres of Corn, Wheat, and Soybeans Grown by Beginning Farmers in Fifteen Northern Missouri and Fourteen Southern Iowa Counties During 1953, by Tenure Groups (Number of Operators in Each Tenure Group)

Acres of Corn, Wheat & Soybeans	Owner	Part Owner	Cash	Crop Share	Crop Share Cash	Livestock Share	Total
0 - 29	4	6	3	1	3	3	20
30 - 59	5	3	1	12	13	21	55
60 - 89	2	3	1	8	13	18	45
90 - 119	1	2		5	4		12
120 - 149	1	2	1	3	3	1	11
150 - 179		1		2	1	2	6
180 - 209				1		1	2
210 - 239							0
240 - 269						1	1
Total	13	17	6	32	37	47	152
Average Acreage in These Crops	46	61	28	76	66	66	69

tenants had the largest average with 76 acres. The lowest was 28 acres on the farms of cash tenants.

Productive Man Work Units.—The size of business varied widely, as shown by the productive man work units required to take care of the enterprises. Crop share tenants were required to spend 152 standard work days looking after their enterprises. They were less fully employed than any other tenure group. Owner-operators and cash tenants also were under employed, with 163 and 176 productive man work units respectively. The farm businesses of the livestock-share tenants called for 283 standard days of labor. Part-owners were second, with 240. The average productive man work units for the entire group was 222.

The same order held for productive man work units per man as held for total productive man work units, as shown in Table XV. Thirty-four per cent of the operators were employed less than 200 days on the farm. In other words, they did not have a full work load.

Labor requirements were greater for livestock than for crops on the livestock-share, cash, and owner-operator farms. As shown in Table XVI, the labor required for dairy cattle was greater than for any other type of livestock on all farms except those operated under livestock-share leases. Beef cattle took the largest amount of labor on the latter group of farms. Apparently dairy cattle were used by all tenure groups to provide a source of steady income.

As shown in Table XVII, the total months of labor available on the farms varied among the tenure groups. Hired labor, unpaid family

TABLE XV

Size of Business Operated by Beginning Farmers in Fifteen Northern Missouri and Fourteen Southern Iowa Counties During 1953, in Terms of Productive Man Work Units, (Number of P.M.W.U. Required by Each Group)

Item	Owner	Part Owner	Cash	Crop Share	Crop Share Cash	Livestock Share
Crops	79	119	63	112	129	133
Livestock	84	116	113	40	96	150
Total	163	235	176	152	225	283
Man equivalent	.992	.98	.917	.959	.98	1.08
P.M.W.U. per man	164	240	192	158	230	262

TABLE XVI

Distribution of Labor Among the Livestock Enterprises Carried by Beginning Farmers in Fifteen Northern Missouri and Fourteen Southern Iowa Counties During 1953, by Tenure Groups (number of P.M.W.U. Used by Each Group)

Type of Livestock	Owner	Part Owner	Cash	Crop Share	Crop Share Cash	Livestock Share
Beef Cattle	11	24	10	9	17	59
Dairy Cattle	53	49	61	16	54	44
Hogs	8	28	20	9	15	30
Sheep and Poultry	12	15	22	6	10	17
All Livestock	84	116	113	40	96	150

labor, and operator's labor were included. Very little hired labor was employed, but the operators who had livestock-share leases hired the most. Unpaid family labor was also greatest on the livestock-share farms. Operators of partly-owned units spent more of their time on the farm than other groups, an average of 11.2 months. The total amount of available labor was greatest on livestock-share farms, with an average of 12.8 months. Part-owners were second, with 12.4 months. Cash tenants had the smallest amount, with only 10.9 months. If the operator did not have an off-farm job, he was considered to have 12 months of labor available.

Value of total assets under operator's control.—The 152 men had an average of \$26,035 total assets under their control. The average amounts for each tenure group were: (1) owner-operators, \$13,954; (2) part-owners, \$25,341; (3) cash tenants, \$15,067; (4) crop-share tenants, \$19,869; (5) crop-share-cash tenants, \$28,376; and (6) livestock-share tenants, \$33,383.

When only the farm assets were considered, the 152 men had an average of \$19,377 under their control (Table XVIII). The average amounts for each tenure group were: (1) owner-operators, \$7,523; (2) part-owners, \$17,985; (3) cash tenants, \$10,683; (4) crop-share tenants, \$15,469; (5) crop-share-cash tenants, \$22,303; and (6) livestock-share tenants, \$24,625.

Total assets, total indebtedness, and net worth.—The data in Table XIX show the assets, liabilities, net worth, and changes in net worth of the various tenure groups at the beginning and end of 1953.

TABLE XVII

Months of Hired, Unpaid Family and Operator's Labor, and Total Months of Labor Available on the Farms of Beginning Farmers in Fifteen Northern Missouri and Fourteen Southern Iowa Counties, During 1953, by Tenure Groups.
(Months used by tenure group)

Source of Labor	Owner	Part Owner	Cash	Crop Share	Crop Share Cash	Livestock Share
Hired	.03	.05	-	.01	.13	.47
Unpaid Family	1.31	1.11	.53	.49	1.00	1.35
Operator	10.61	11.21	10.40	11.05	10.54	11.00
Total	11.95	12.37	10.93	11.55	11.67	12.82

TABLE XVIII

Size of Business in Terms of Total Farm Assets Under Operator's Control of Beginning Farmers in Fifteen Northern Missouri and Fourteen Southern Iowa Counties, According to Type of Tenure, Jan. 1, 1953

Total farm assets 1/	Owner	Part Owner	Cash	Crop Share	Crop Share Cash	Livestock Share
Farm real estate	\$5,215	\$15,026	\$8,500	\$13,712	\$19,676	\$21,987
Livestock	908	1,494	1,050	528	919	1,100
Crop, feed and supplies	338	112	466	106	330	498
Machinery	1,062	1,353	667	1,063	1,378	1,040
Total farm assets	\$7,523	\$17,985	\$10,683	\$15,469	\$22,303	\$24,625

1/ The 152 operators had an average of \$19,377 of farm assets under their control.

TABLE XIX

Assets, Liabilities, and Net Worth of Beginning Farmers in Fifteen Northern Missouri and Fourteen Southern Iowa Counties, According to Type of Tenure, January 1, 1953 and December 31, 1953.

Item	Owner		Part-Owner		Cash		Crop-Share		Crop Share-Cash		Livestock Share	
	Jan 1	Dec 31	Jan 1	Dec 31	Jan 1	Dec 31	Jan 1	Dec 31	Jan 1	Dec 31	Jan 1	Dec 31
	1953	1953	1953	1953	1953	1953	1953	1953	1953	1953	1953	1953
ASSETS												
Machinery & Equipment	\$1062	\$1715	\$1353	\$2012	\$ 667	\$1050	\$1063	\$1697	\$1378	\$1778	\$1040	\$1758
Crops, feed and supplies	338	861	112	1418	466	1067	106	753	330	1246	498	1491
Livestock	908	1624	1494	2558	1050	1433	528	963	919	2281	1100	2315
Total farm operating assets	2308	4200	2959	5988	2183	3550	1697	3413	2627	5305	2638	5564
Farm real estate assets	5215	6738	4559	7353	-	-	-	-	-	385	62	55
TOTAL FARM ASSETS	\$7523	\$10938	\$7518	\$13441	\$2183	\$3550	\$1697	\$3413	\$2627	\$5586	\$2700	\$5619
TOTAL NONFARM BUSINESS ASSETS	\$ 792	\$ 423	\$ 371	\$ 376	\$ 50	\$ 50	\$ 100	\$ 119	\$ 237	\$ 23	\$ 63	\$ 83
TOTAL FAMILY LIVING ASSETS	\$1938	\$1985	\$1582	\$1753	\$1667	\$1650	\$1212	\$1415	\$1838	\$2019	\$1770	\$1989

Continued

TABLE XIX, Continued

Assets, Liabilities, and Net Worth of Beginning Farmers in Fifteen Northern Missouri and Fourteen Southern Iowa Counties, According to Type of Tenure, January 1, 1953 and December 31, 1953.

Item	Owner		Part-Owner		Cash		Crop-Share		Crop Share-Cash		Livestock Share	
	Jan 1	Dec 31	Jan 1	Dec 31	Jan 1	Dec 31	Jan 1	Dec 31	Jan 1	Dec 31	Jan 1	Dec 31
	1953	1953	1953	1953	1953	1953	1953	1953	1953	1953	1953	1953
Cash and accounts receivable	\$ 1092	\$ 600	\$ 2094	\$ 553	\$ 900	\$ 883	\$ 1175	\$ 541	\$ 1049	\$ 396	\$ 1312	\$ 732
Total all family assets	11345	13946	11565	16123	4800	6133	4184	5488	5751	8024	5845	8523
<u>Indebtedness:</u>												
Farm Operating Debt	15	700	12	353	167	300	—	397	131	1243	70	1155
Farm Real Estate	2016	3631	2065	4129	—	—	—	—	—	135	—	—
Non-farm Business	—	—	—	—	—	—	—	—	—	—	—	—
Consumption	—	—	5	—	—	133	—	19	12	22	7	36
Total Indebtedness	\$ 2031	\$ 4331	\$ 2082	\$ 4482	\$ 167	\$ 433	—	\$ 416	\$ 143	\$ 1400	\$ 77	\$ 1191
Net Worth	\$ 9314	\$ 9615	\$ 9483	\$ 11641	\$ 4633	\$ 5700	\$ 4184	\$ 5072	\$ 5608	\$ 6624	\$ 5768	\$ 7232
a. dollar change	/ \$301		/ \$2158		/ \$1067		/ \$888		/ \$1016		/ \$1464	
b. percentage	/ 3.23		/ 22.76		/ 23.03		/ 21.22		/ 18.12		/ 25.38	

Part-owners had the largest net worth, both at the beginning and close of the year, and crop-share tenants the smallest.

Total indebtedness.—Farm real estate mortgages accounted for most of the debts, followed by farm operating debts. Total indebtedness increased for each tenure group. This situation can be regarded as normal. These men were starting in business and needed to gain control of additional capital in order to give them more desirable relationships between labor, land and equipment. The debts of part-owners increased the most (\$2,400, with \$2,064 of thos amount secured by farm real estate).

The net worth of each tenure group on January 1, 1953, was as follows: (1) part-owner, \$9,483; (2) owner-operators, \$9,314; (3) livestock-share tenants, \$5,768; (4) crop-share tenants, \$5,608; (5) cash tenants, \$4,633; and (6) holders of crop-share leases, \$4,184. The members of each group increased their net worth during 1953. The average amount was \$1,197, or 19.72 per cent. Part-owners had a \$2,158 increase, which was the largest for a single group. Owner-operators had a \$301 increase, which was the smallest change.

Leasing Arrangements

The data presented in Table XX show that 120 of the 152 operators from whom information was obtained were tenants, and 17 were part-owners.

One hundred thirty-nine men rented at least one tract of land. Forty-four of these rented two tracts. Ten rented 3 tracts. The owner operators rented no land. As shown in Table XX, 77, or 56.2 per cent, of the men had oral leases on all their rented land. Forty-nine, or

TABLE XX

Percent of Total Rented Land Held Under Written Lease and Number of Oral Leases Held by Beginning Farmers in Fifteen Northern Missouri and Fourteen Southern Iowa Counties in 1953 by Tenure Groups

Item	Owner Operated	Part Owner	Cash	Crop Share	Crop Share Cash	Livestock Share	Total <u>1/</u>
Oral lease (number)		12	4	23	9	29	77
Percent							
0-19							0
20-39					1	1	2
40-59					1	2	3
60-79					1	1	2
80-99					1	3	4
100		5	2	8	23	11	49
Farming but no rented land	13						13
Total	13	17	6	31	36	47	150

1/ 150 reporting.

35.8 per cent of the men had written leases on 100 per cent of their rented land. Eight per cent of the tenants had written leases on part of the rented land.

Seventy-two men did not have compensation clauses in their leases. Fifty-three had compensation clauses covering all of the land rented.

Labor share arrangement.—Twenty-five men had some form of labor share agreement, as shown in Table XXI. Sixteen operators furnished labor only in a parent-son agreement. Ten of these were livestock-share tenants. Six men furnished labor and working capital in a parent-son agreement. Three of these were livestock-share tenants. Thirty-two per cent of the livestock-share tenants had labor-share arrangements. This was the greatest percentage for any tenure group.

Most valuable tracts rented.—Seventy-seven men did not have written leases on the most valuable tracts rented. Fifty-nine men did have written leases.

The length of 54 leases was indefinite. Seventy-eight men had one-year contracts. One man had a two-year lease. A three-year lease was obtained by 8 men, while 7 men had five-year leases.

Seventy-two men did not have compensation clauses in their leases. A compensation clause was obtained by 36 of the men reporting.

Eighty-one men were related to the owners of the most valuable tract they were farming. Fifty-six men were renting from non-related persons.

As shown in Table XXII, 55 men were renting from an active farmer within 50 miles of the farm. Thirty-two were renting from a retired

TABLE XXI

Labor Share Arrangements of Beginning Farmers in Fifteen Northern Missouri and Fourteen Southern Iowa Counties During 1953, by Tenure Groups, (Number of Operators in Each Group)

Labor Share Arrangements	Owner Operator	Part Owner	Cash	Crop Share	Crop Share Cash	Livestock Share	Total
No labor share arrangement	13	15	5	26	36	32	127
Parent-son-puts up labor only		1		4	1	10	16
Parent-son-puts up labor and working capital		1	1	1		3	6
Other relative-puts up labor only						1	1
Non-relative-puts up labor only				1			1
Non-relative-puts up labor and working capital	—	—	—	—	—	<u>1</u>	<u>1</u>
Total	13	17	6	32	37	47	152

TABLE XXII

Type of Landlord of Most Valuable Tracts Rented by Beginning Farmers in Fifteen Northern Missouri and Fourteen Southern Iowa Counties in 1953 By Tenure Groups
(Number of operators in each group)

Type of Landlord	Part Owner <u>1/</u>	Cash	Crop Share	Crop Share <u>2/</u> Cash	Livestock Share	Total <u>3/</u>
Active farmer within 50 miles	10	1	12	7	25	55
Retired farmer within 50 miles	2	3	8	11	8	32
Active farmer over 50 miles	1		1		1	3
Retired farmer over 50 miles						0
Nonfarm person within 50 miles	1	2	7	11	8	29
Nonfarm person over 50 miles	<u>1</u>	<u>—</u>	<u>4</u>	<u>6</u>	<u>5</u>	<u>16</u>
Total	15	6	32	35	47	135

1/ Fifteen reporting

2/ Thirty-five reporting

3/ Thirteen owner-operators had no rented land.

farmer within 50 miles. The third major type of landlord was a non-farming person within 50 miles. Twenty-nine were renting from this type of owner.

Second most valuable tract rented.—Eleven of the 54 men who were renting a second tract of land had written leases. Thirty-five had one-year contracts. Seventeen had indefinite term leases. One man had a two-year lease. A five-year lease was held by one man.

Twenty-one of the 54 men had compensation clauses in their leases. Twenty-nine were related to the landlord.

As shown in Table XXIII, 20 men rented from active farmers who lived within 50 miles. Fourteen men rented from retired farmers within 50 miles. The third major type of landlord was a non-farm person who lived within 50 miles of the farm. Thirteen men rented from this type of landlord.

Important sources of land farmed.—Seventy of the men were farming land that was owned by their parents (Table XXIV). Many others had been able to get leases because they were personally acquainted with the owner of the land.

As shown in Table XXV, the men farming two or more tracts considered personal acquaintance with the landlord to be the second most important factor in getting a lease on the land.

Net Farm Income

Net farm income was computed by determining the net farm operating income plus or minus net change in value of inventories. As shown in Table XXVI, the average net farm income for each tenure group

TABLE XXIII

Type of Landlord on Second Most Valuable Tract Rented by Beginning Farmers in Fifteen Northern Missouri and
Fourteen Southern Iowa Counties in 1953 by Tenure Groups
(Number of operators in each group)

Type of Landlord	Part Owner	Cash	Crop Share	Crop Share <u>1/</u> Cash	Livestock <u>2/</u> Share	Total <u>3/</u>
Active farmer within 50 miles	4		4	5	7	20
Retired farmer within 50 miles	1	1	3	3	6	14
Active farmer over 50 miles			1		1	2
Retired farmer over 50 miles						0
Nonfarm person within 50 miles	1		1	8	3	13
Nonfarm person over 50 miles					3	3
No second rented tracts	<u>11</u>	<u>5</u>	<u>23</u>	<u>20</u>	<u>26</u>	<u>85</u>
Total	17	6	32	36	46	137

1/ Thirty-six reporting

2/ Forty-six reporting

3/ Thirteen owner-operators had no rented land.

TABLE XXIV

Most Important Source of Land Farmed by Beginning Farmers in Fifteen Northern Missouri and Fourteen Southern Iowa Counties During 1953, by Tenure Groups (Number of Operators in Each Group)

	Owner	Part Owner	Cash	Crop Share	Crop Share Cash	Livestock Share	Total 1/
Used land owned by parents		8	5	15	7	35	70
Used land rented by parents		1		1	1		3
Land owned by other relatives				1	1	4	6
Land rented by other relatives					1		1
Rented land through relatives' help				1	9	3	13
Inherited land	1	2					3
Bought land with family aid	3	2					5
Bought land with- out family aid	9	3			1		13
Personal acquaint- ance with landlord		1	1	12	15	5	34
Total	13	17	6	30	35	47	148
1/ 148 reporting.							

TABLE XXV

Second Most Important Source of Land Farmed by Beginning Farmers in Fifteen Northern Missouri and Fourteen Southern Iowa Counties During 1953, by Tenure Groups (Number of Operators in each Group)

	Owner	Part Owner	Cash	Crop Share	Crop Share Cash	Livestock Share	Total
Used land owned by parents		1		1	4	1	7
Used land rented by parents					1	2	3
Land owned by other relatives		1		2	1		4
Land rented by other relatives					1		1
Rented land through relatives' help				1	1	1	3
Inherited land		1					1
Bought land with family aid		5					5
Bought land without family aid		3					3
Personal acquaintance with landlord		6		4	6	7	23
Total	0	17	0	8	14	11	50

TABLE XXVI

Net Family Income of Beginning Farmers in Fifteen Northern Missouri and Fourteen Southern Iowa Counties
in 1953, According to Type of Tenure

Source of Income	Owner	Part Owner	Cash	Crop Share	Crop Share Cash	Livestock Share
Net farm operating income	\$1,254	\$2,606	\$1,167	\$1,575	\$1,981	\$2,123
Net farm real estate income	- 423	- 412	—	—	—	—
Net farm income	831	2,194	1,167	1,575	1,981	2,123
Off farm income	931	729	1,167	678	613	660
Gifts	38	1,035	600	322	238	572
Net family income	\$1,800	\$3,958	\$2,934	\$2,575	\$2,832	\$3,355

was: (1) part-owners, \$2,194; (2) livestock-share lease holders, \$2,123; (3) crop-share-cash tenants, \$1,981; (4) crop-share tenants, \$1,575; (5) cash renters, \$1,167; and (6) owner-operators, \$831.

Average gross receipts from livestock and farm produce sales were as follows:

<u>Tenure</u>	<u>Livestock</u>	<u>Farm Produce</u>	<u>Total</u>
Part-owner	\$1,865	\$1,465	\$3,330
Livestock-share	1,851	996	2,847
Crop-share-cash	1,181	1,508	2,689
Crop-share	850	1,706	2,556
Cash tenant	933	1,333	2,266
Owner-operator	908	1,231	2,139.

Non-Farm Income

Non-farm income included the off-farm earnings of husband and wife, on-the-farm training payments, off-farm business profits, rent, interest, and change in nonfarm business assets.

Seventy-one men worked off their farms an average of 3.5 months during 1953, as shown in Table XXVII. The average income was \$973. Custom work for other farmers was the major type. Non-skilled industrial labor was the second major type. The wives of some of these men also had off-farm jobs. Most of them were employed as teachers, bookkeepers, or secretaries. The average off-farm income per family for wives who worked was \$1,228.

The average off-farm income for each tenure group was as follows: (1) cash tenants, \$1,167; (2) owner-operators, \$931; (3) part-owners,

TABLE XXVII

Type of Employment, Time Spent, and Income From Off-farm Work by Beginning Farmers (Operator and Wife) in Fifteen Northern Missouri and Fourteen Southern Iowa Counties, During 1953, According to Type of Tenure

Type of Tenure	Operator				Wife			
	Number of off-farm working	Major type work 1/	Average Income	Average number of months of off-farm work	Number of off-farm working	Major type work 1/	Average Income	Average number of months of off-farm work
Owner	6	1, 7	\$1,258	4.1	2	5, 3	\$ 905	7.0
Part owner	6	1	938	3.2	2	4, 5	965	6.1
Cash	4	1	1,258	3.4	1	3	1,750	12.0
Crop share	15	1	778	2.7	5	3, 4	1,282	6.8
Crop Share-cash	22	1	872	3.8	3	3, 4	917	6.3
Livestock Share	18	1	1,115	3.8	5	3, 4	1,490	9.4
Total	71	1	\$ 973	3.5	18	3	\$1,228	7.7

1/ Types listed below by number:

(1) Farm work	(5) Public service (non-skilled)	(9) Private business
(2) Agricultural services	(6) Public service (skilled)	
(3) Education	(7) Industrial (non-skilled)	
(4) Bookkeeping and secretarial	(8) Industrial (skilled)	

\$729; (4) crop-share tenants, \$678; (5) livestock-share lease holders, \$660; and (6) crop-share-cash renters, \$613. Cash tenants had the largest net off-farm income (Table XXVI).

Gifts

The average dollar value of gifts received in 1953 for each tenure group was: (1) part-owners, \$1,035; (2) cash tenants, \$600; (3) livestock-share lease holders, \$572; (4) crop-share tenants, \$322; (5) crop-share-cash renters, \$238; and (6) owner-operators, \$38. One part-owner was given a farm valued at \$12,000. This amount increased the average of the 17 part-owners by \$706.

Net Family Income

The family income included net farm income, returns from off-farm work, and gifts. Part-owners had net family incomes of \$3,958. If the gift of \$12,000 received by one operator was removed, the average would be \$3,252. Livestock-share tenants averaged \$3,355; cash tenants, \$2,934; crop-share-cash tenants, \$2,832, and crop-share tenants, \$2,575. Owner-operators had the smallest net family incomes with an average of \$1,800.

Labor Income to Family, Labor Income to Operator, and Return to Management

Net farm income minus a 5.0 per cent return to the average farm net worth equals labor income to a family.

When the value of the unpaid family labor is deducted from labor income to the family, the remainder is the labor and management income of the operator.

The value of operator's labor was taken as \$1,500 for twelve months. Labor and management income to the operator minus the value of his labor leaves returns to management.

As shown in Table XXVIII, livestock share tenants had an average of \$1,947 labor income. This was the highest for any tenure group. Owner-operators had the smallest average of \$508.

The labor and management income to the operator was the greatest on farms operated under livestock-share leases (Table XXVIII). They had an average of \$1,811. Part-owners, crop-share-cash tenants, crop-share renters, cash tenants and owner-operators follow in the order of highest to lowest. Owner-operators averaged \$392 return for labor and management. They had a negative return to management, as did cash tenants (Table XXVIII). The other tenure groups had positive returns to management. Livestock-share tenants averaged \$434, which was the highest of the six tenure groups.

THE FARM BUSINESS IN 1955

The analysis of the farm businesses in 1955 was based on type of tenure of the operators in 1953.

Size of Business

Total acres.—The average size farm in terms of total acres in 1955 was as follows: (1) livestock-share tenants, 254; (2) part-owners, 236; (3) crop-share-cash tenants, 234; (4) crop-share, 213; (5) cash tenants, 173; and (6) owner-operators, 167. The average size of all farms was 228 acres. The average increase in size from 1953 to 1955 was 32 acres, or 16.3 per cent. Each tenure group showed an

TABLE XXVIII

Labor Income to Family, Labor and Management Income to Operator and Returns to Management in 1953, Beginning Farmers in Fifteen Northern Missouri and Fourteen Southern Iowa Counties, According to Type of Tenure.

Tenure Group	Labor Income to Family	Labor and Man- agement Income of Operator	Return To Management
Owner-Operator	\$ 508	\$ 392	- \$938
Part-Owner	\$1,829	\$1,724	+ \$323
Cash Tenant	\$1,033	\$ 983	- \$317
Crop Share	\$1,453	\$1,397	+ 9
Crop Share Cash	\$1,819	\$1,716	+ \$403
Livestock Share	\$1,947	\$1,811	+ 434

increase, but cash tenants went up the most (73.0 per cent). Part-owners had the smallest increase (8.2 per cent).

Acres of cropland, including hay and rotation pasture.—The average acreage of cropland and rotation pasture held by all tenure groups was 133 acres. This represented a 17.0 per cent increase in the 1953-55 three-year period. The acreage for each tenure group was as follows: (1) crop-share-cash renters, 148 acres; (2) part-owners, 143 acres; (3) livestock-share lease holders, 137 acres; (4) crop-share tenants, 135 acres; (5) cash renters, 110 acres; and (6) owner-operators, 76 acres.

Cash tenants had an average increase of 92.9 per cent. Owner-operators had the smallest increase, 5.5 per cent.

Acres of corn, wheat and soybeans.—The highest profit crops in the area are corn, wheat and soybeans. In 1953 the average acreage of these crops was 66.3 acres. In 1955 it was 75 acres, an 8.7 per cent increase. Crop share tenants led all groups with 86 acres. Crop-share-cash renters had 82 acres; part-owners, 81; livestock-share lease holders, 74; cash renters, 50; and owner-operators, 35. Owner-operators decreased the acreage of these high return crops 19.5 per cent between 1953 and 1955. The other tenure groups increased the acreage in corn, wheat and soybeans. Cash tenants increased the largest amount, with a gain of 78.6 per cent.

Productive man work units.—As shown in Table XXIX, total P.M.W.U. requirements were the greatest on farms operated under livestock-share leases. Owner-operators required the least amount of labor to take care of their enterprises. All tenure groups increased their P.M.W.U.

TABLE XXIX

Size of Businesses Operated by Farmers Who Started in Business in 1953 and Size in 1955, Measured in Productive Man Work Units by Tenure Groups, Fifteen Northern Missouri and Fourteen Southern Iowa Counties.

Tenure Group	1953 PMWU			1955 PMWU			
	Crop	Livestock	Total	Crop	Livestock	Other	Total
Owner-Operators	79	84	163	78	112	5	195
Part-Owners	119	116	235	149	189	1	339
Cash Renters	63	113	176	110	170	-	280
Crop Share Tenants	112	40	152	133	109	-	242
Crop Share Cash Tenants	129	96	225	159	174	-	333
Livestock Share Tenants	133	150	283	147	213	-	360

requirements from 1953 to 1955. The greatest advance was made by the cash tenants (59 per cent). Efficiency in the use of labor went up as the businesses were enlarged. The P. M. W. U. per man increased for all tenure groups (Table XXX). Part-owners advanced from 240 units per man in 1953 to 365 in 1955. Livestock-share tenants increased their work load from 262 per man in 1953 to 333 in 1955. Their efficiency in the use of labor was the lowest of all the tenure groups. Part-owners had the largest gain in efficiency during the three-year period. The work accomplished per man in this group went up 47.9 per cent.

The P.M.W.U. requirements were greater for livestock than for crops in all tenure groups except businesses operated by crop-share tenants. Livestock-share lease holders had the largest labor requirements for livestock, with an average of 213. As shown in Table XXXI, the livestock enterprise requiring the greatest number of P.M.W.U. was dairy, with the exception of the livestock-share group. The labor requirements of beef cattle were the greatest there.

All tenure groups increased the size of their enterprises from 1953 to 1955. Crop-share tenants increased their work requirements for livestock 69 units, or 172 per cent, for the largest gain.

As shown in Table XXXII, livestock-share tenants had the greatest amount of available labor on their farms. However, the man equivalent did not change between 1953 and 1955. The work accomplished per man did increase, indicating a gain in efficiency in the use of labor between 1953 and 1955. Cash tenants were the only group that did not increase the days of labor hired. No labor was hired either year by

TABLE XXX

Efficiency in Use of Labor by Operators Who Started Farming in 1953 As
Shown By Work Units Accomplished Per Man Equivalent, Fifteen Northern
Missouri and Fourteen Southern Iowa Counties,
According to Type of Tenure.

Tenure Group	1953			1955		
	Average PMWU	Man Equivalent	PMWU Per Man	Average PMWU	Man Equivalent	PMWU Per Man
Owner Operator	163	.992	164	195	.95	205
Part Owner	235	.98	240	339	.93	365
Cash Renter	176	.917	192	280	1.02	275
Crop Share Tenant	152	.959	158	242	.97	249
Crop Share Cash Tenant	225	.98	230	333	1.06	314
Livestock Share Tenant	283	1.08	262	360	1.08	333

TABLE XXXI

Productive Man Work Units Used on Different Types of Livestock in 1955, by Beginning Farmers in Fifteen Northern Missouri and Fourteen Southern Iowa Counties According to Type of Tenure When They Started Farming in 1953, (P.M.W.U. Used by Each Tenure Group)

Type of Livestock	Owner	Part Owner	Cash	Crop Share	Crop Share Cash	Livestock Share
Beef Cattle	16	40	18	23	31	75
Dairy Cattle	60	75	97	35	77	54
Hogs	22	44	33	33	48	58
Sheep and Poultry	14	30	22	18	18	26
All Livestock	112	189	170	109	174	213

TABLE XXXII

Months of Hired, Unpaid Family and Operator's Labor, and Total Months of Labor Available on the Farms of Beginning Farmers in Fifteen Northern Missouri and Fourteen Southern Iowa Counties During 1955 by Type of Tenure of the Operators When They Started Farming in 1953

Labor (months)	Owner	Part Owner	Cash	Crop Share	Crop Share Cash	Livestock Share
Hired	.06	.45	—	.13	.44	.59
Unpaid Family	1.35	1.35	1.47	.74	1.15	1.46
Operator	10.06	10.49	10.66	10.78	11.07	10.78
Total	11.47	12.29	12.13	11.65	12.66	12.83

this group.

The months of unpaid family labor increased in all tenure groups over the three-year period, 1953 to 1955, but operators' available labor for farm work decreased in the owner-operator, part-owner, crop-share, and livestock-share groups. These men spent an increasing amount of time working off their farms.

The total months of labor used in operating the farms decreased from 1953 to 1955. Apparently the operators who were unable to expand their businesses by adding more acres or larger or more intensive enterprises turned to off-farm work. This situation was particularly evident among owner and part-owner operators. The amount of available labor remained constant on crop-share-cash and livestock-share farms. The total months of labor available to cash and crop-share tenants increased.

Total farm assets under operator's control.—As shown in Table XXXIII, the total value of business assets available to livestock-share tenants averaged \$24,625 at the time these men started farming in 1953. By 1955 the business assets controlled by these men had increased to \$32,873. This was the largest for any tenure group. The value of farm assets controlled by owner-operators averaged \$7,523 in 1953 and \$12,678 in 1955, the smallest amount for any tenure group. The value of farm real estate alone for the other tenure groups was larger than all of the farm assets of the owner-operators. The average value of assets controlled by all of the 152 men in 1955 was \$28,470. This amount was 46.9 per cent greater than in 1953. The increase by tenure groups is given in Table XXXIII. Cash tenants made the greatest

TABLE XXXIII

Total Business Capital Available to Farm Operators Who Started Farming in 1953, at the Time They Started and on January 1, 1955, by Tenure Groups, Fifteen Northern Missouri and Fourteen Southern Iowa Counties

Tenure Group	Type and Value of Business Assets									
	1953					1955				
	Farm Real Estate	Live-stock	Feed and Supplies	Machinery and Equipment	Total	Farm Real Estate	Live-stock	Feed and Supplies	Machinery and Equipment	Total
Owner-Operator	\$ 5,215	\$ 908	\$338	\$1,062	\$ 7,523	\$ 7,917	\$1,838	\$ 700	\$2,223	\$12,678
Part-Owner	15,026	1,494	112	1,353	7,985	19,547	3,053	1,935	2,941	27,476
Cash Renter	8,500	1,050	466	667	10,683	21,340	2,633	984	1,683	26,640
Crop Share Tenant	13,772	528	106	1,063	15,469	19,918	2,006	1,222	2,503	25,649
Crop Share Cash Tenant	19,676	919	330	1,378	22,303	24,199	3,062	1,552	2,803	31,618
Livestock Share Tenant	21,987	1,100	498	1,040	24,625	25,462	3,002	1,781	2,628	32,873

gain. The value of business assets under their control in 1955 was almost 1.8 times as great as in 1953. All of the other tenure groups gained control of additional assets, too.

Total Assets, Total Indebtedness, and Net Worth

The data in Table XXXIV show average assets, indebtedness, and net worth of each tenure group on January 1, 1953, and on December 31, 1955. Part-owners had assets valued at \$11,565, debts of \$2,082, and average net worth of \$9,483 when they started farming. From the standpoint of net worth, they were the best off of any tenure group. At the close of 1955 they had assets valued at \$19,612, liabilities of \$5,176, and average net worths of \$14,436. In the three-year period (1953 to 1955) they had increased their net worth \$4,953, or 52.2 per cent. The increase was the greatest dollar gain, but not as great a percentage gain as that made by crop-share renters, who increased their net worth \$3,279, or 78 per cent. Apparently gain in net worth is related to tenure status, but control of total assets may be more important than land ownership, particularly where the farm business is too small for optimum combination of resources. In terms of dollars, the part-owners had the largest increase in net worth. There is scarcely any difference in the dollar increase of livestock-share and crop-share tenants. The owner-operators had the smallest increase in net worth, both dollar-wise and percentage-wise.

Total indebtedness.—The greatest portion of the debts of these men was secured by mortgages on farm real estate. Owner and part-owner operators had larger debts than other tenure groups. Loans to

TABLE XXXIV

Total Assets, Liabilities and Net Worth of Beginning Farmers in Fifteen Northern Missouri and Fourteen Southern Iowa Counties, According to Type of Tenure When They Started Farming, in January 1, 1953 and December 31, 1955.

Item	Owner		Part-Owner		Cash		Crop-Share		Crop Share-Cash		Livestock Share	
	Jan. 1 1953	Dec 31 1955	Jan 1 1953	Dec 31 1955	Jan 1 1953	Dec 31 1955	Jan 1 1953	Dec 31 1955	Jan 1 1953	Dec 31 1955	Jan 1 1953	Dec 31 1955
ASSETS:												
Machinery	\$1062	\$ 2223	\$1353	\$ 2941	\$ 667	\$1683	\$1063	\$2503	\$1378	\$2803	\$1040	\$2628
Crops, feed and supplies	338	700	112	1935	466	984	106	1222	330	1554	498	1781
Livestock	908	1838	1494	3053	1050	2633	528	2006	919	3062	1100	3002
Total farm operating assets	2308	4761	2959	7929	2183	5300	1697	5731	2627	7419	2638	7411
Farm real estate assets	5215	7508	4559	8565		550		1134		295	62	708
TOTAL FARM ASSETS	\$7523	\$12269	\$7518	\$16494	\$2183	\$5850	\$1697	\$6865	\$2627	\$7714	\$2700	\$8119
TOTAL NONFARM BUSINESS ASSETS	\$ 792	\$ 192	\$ 371		\$ 50	\$ 16	\$ 100	\$ 123	\$ 237	\$ 32	\$ 63	\$ 60

Continued

TABLE XXXIV, Continued

Total Assets, Liabilities and Net Worth of Beginning Farmers in Fifteen Northern Missouri and Fourteen Southern Iowa Counties, According to Type of Tenure When They Started Farming, in January 1, 1953 and December 31, 1955.

Item	Owner		Part-Owner		Cash		Crop-Share		Crop Share-Cash		Livestock Share	
	Jan 1	Dec 31	Jan 1	Dec 31	Jan 1	Dec 31	Jan 1	Dec 31	Jan 1	Dec 31	Jan 1	Dec 31
	1953	1955	1953	1955	1953	1955	1953	1955	1953	1955	1953	1955
TOTAL FAMILY LIVING ASSETS	\$ 1938	\$ 1900	\$ 1582	\$ 2247	\$ 1667	\$ 2400	\$ 1212	\$ 2028	\$ 1838	\$ 2446	\$ 1770	\$ 2532
Cash and accounts receivable	\$ 1092	\$ 193	\$ 2094	\$ 871	\$ 900	\$ 117	\$ 1175	\$ 384	\$ 1049	\$ 335	\$ 1312	\$ 717
Total all family assets	\$ 11345	\$ 14553	\$ 11565	\$ 19612	\$ 4800	\$ 8383	\$ 4184	\$ 9400	\$ 5751	\$ 10527	\$ 5845	\$ 11328
Liabilities:												
Farm operating debt	\$ 15	\$ 831	\$ 12	\$ 1412	\$ 167	\$ 617		\$ 1034	\$ 131	\$ 2057	\$ 70	\$ 1670
Farm real estate debt	2016	3115	2065	3747			781		124		513	
Non-farm business debt							41					2
Consumption debt		77	5	17		116	81	12	49	7	94	
Total Liabilities	\$ 2031	\$ 4023	\$ 2082	\$ 5176	\$ 167	\$ 733	\$ 1937	\$ 143	\$ 2230	\$ 77	\$ 2279	
Net Worth:	\$ 9314	\$ 10530	\$ 9483	\$ 14436	\$ 4633	\$ 7650	\$ 4184	\$ 7463	\$ 5608	\$ 8297	\$ 5768	\$ 9049
Change		\$ 1216		\$ 4953		\$ 3017		\$ 3279		\$ 2689		\$ 3281
Percent		13.1		52.2		65.1		78.4		47.9		56.9

pay operating expenses were the second largest group. The average amount of debt of all groups increased between 1953 and 1955. However, the increase was considerably less than the gain in assets. Crop-share tenants increased their total indebtedness 80.2 per cent in the three-year period.

Net worth.—Part-owners had the largest gain in net worth in terms of dollars. Their equities averaged \$9,483 in 1953 and \$14,436 in 1955 for an increase of \$4,953, or 52.2 per cent. Crop-share tenants had the smallest net worth when they started farming (only \$4,184), and at the close of 1955 (\$7,463), but they had the largest percentage increase (78.4 per cent).

The average increase in net worth for the 152 men was \$3,136. This was a 51.7 per cent gain. The average gain for each tenure group was: (1) part-owners, \$4,953 or 52.2 per cent; (2) livestock-share lease holders \$3,281 or 56.9 per cent; (3) crop-share renters, \$3,279 or 78.4 per cent; (4) cash renters, \$3,016 or 65.1 per cent; (5) crop-share cash, \$2,689 or 47.9 per cent; and (6) owner-operators, \$1,216 or 13.1 per cent. Three owner-operators, one part-owner, 4 crop-share tenants, 2 crop-share-cash renters, and 3 livestock-share lease holders had decreases in net worth during the three-year period.

Non-Real Estate Credit

Twenty operators did not use credit in 1955. The other 132 had 284 loans. Of this number, 145 were new loans secured in 1955, while 139 were carried over from 1954.

As shown in Table XXXV, 132 men borrowed an average of \$2,942.

TABLE XXXV

Average Interest Rate, Terms, and Amount of Non-Real Estate Credit Used During 1955 by Beginning Farmers in Fifteen Northern Missouri and Fourteen Southern Iowa Counties, According to Type of Tenure When Borrower Started Farming in 1953

Item	Owner Operator	Part Owner	Cash	Crop Share	Crop Share Cash	Livestock Share	All Tenure Groups
Number using credit	12	11	6	26	37	40	132
Number of loans	28	25	11	50	80	84	284
Average interest rate (percent)	5.4	3.2	5.0	3.9	5.0	3.8	4.4
Average term (months)	8.3	4.6	13.0	8.4	11.9	7.7	8.8
Average amount borrowed ^{1/}	\$1915	\$2188	\$1767	\$1962	\$3281	\$2196	\$2555

^{1/} One hundred thirty-two men borrowed an average of \$2,942.

Crops-share-cash tenants borrowed the largest amount, or \$3,281.

Livestock-share tenants were second with an average of \$2,796. Part-owners, crop-share renters, owner-operators, and cash tenants borrowed \$2,188, \$1,962, \$1,915, and \$1,767 respectively.

The average interest rate paid by the various tenure groups was as follows: (1) crop-share-cash tenants, 5.6 per cent; (2) owner-operators, 5.4 per cent; (3) cash renters, 5.0 per cent; (4) crop-share tenants, 3.9 per cent; (5) livestock-share lease holders, 3.8 per cent; and (6) part-owners, 3.2 per cent. The average rate of all tenure groups was 4.4 per cent.

The average length of the loans was 8.8 months, for all tenure groups. Cash tenants had the longest term loans, 13 months. Loans to part-owners averaged 4.6 months in length.

Source, interest rates and tenure.—Commercial banks were the major source of credit. One hundred thirty of the 284 loans were obtained from this source. The average interest rate was 5.8 per cent. The commercial bank loans averaged \$1,241, and were for an average term of 9.4 months.

Family credit was the second major source in 1955. Forty-one of 284 loans were from this source. Twenty-eight were for an indefinite period, and did not have an interest charge. The average amount per loan was \$1,500.

Merchants were the third major source of credit, according to number of loans. Thirty-seven of the 284 were secured from merchants. Nine were without interest charge, and were for an indefinite term.

Twenty-six loans had an average interest charge of 5.9 per cent, and were for average terms of 14.1 months. The average amount was \$489.

Twenty-five of the loans were obtained from the Farmers Home Administration. The average interest charge was 4.7 per cent. The average length was 41.7 months. The average amount borrowed was \$2,188.

The average interest rate for loans from all sources was 2.3 per cent, with an average term of 4.7 months. The average amount per loan was \$1,363.

Security.—Information as to type of security given by the borrower for the 284 loans made in 1955 was obtained for 262 of the contracts. Two-fifths of those for which information was obtained were made without security. Family members cosigned notes for 22; 68 were secured by chattel mortgages on the items purchased with the funds. Sixteen were secured by chattel mortgages on the item purchased and other property. Forty-six were secured by mortgages on property previously owned. Five were secured by liens on real estate.

Real Estate Credit.

One owner-operator, two part-owners, one holder of a livestock-share lease, and one crop-share tenant purchased land in 1955. Three of these men bought because farm ownership was a major goal. Two bought for farm enlargement. Four of the buyers used mortgages and one a purchase contract to acquire land. Three of the sellers were retired, and two were active farmers.

The average value of the acquired land was \$8,100. Two men did

not make a down payment. One paid cash for the land he bought. The livestock-share tenant made a \$500 down payment, and the crop-share tenant paid \$5,000 down.

The average interest rate was 4.25 per cent. The average length of loan was 23.8 years.

Total Amount Borrowed

The average amount borrowed for all purposes in 1955, by tenure groups, was as follows: (1) owner-operators, \$4,436; (2) part-owners, \$6,424, (3) cash tenants, \$1,850; (4) crop-share renters, \$2,775; (5) crop-share-cash tenants, \$3,327; and (6) livestock-share lease holders, \$3,411. The average amount was \$3,713.

Farm real estate credit averaged \$1,159 for the 152 operators. Men who started as owner-operators in 1953 borrowed \$3,631; part-owners borrowed \$4,235; cash tenants, \$83; crop-share renters, \$813; crop-share-cash, \$130; and livestock-share tenants, \$545.

The average amount of credit used by these beginning farmers increased \$1,394 per man in the 1953-55 three-year period. Farm real estate credit increased \$416, or 56 per cent. Credit needs grew larger as the businesses were expanded. Most of the men could have obtained more credit if they had so desired.

Credit Refusals

Only three operators were refused credit in 1955. The reasons were insufficient security.

Off-Farm Work

More than one-half (57.9 per cent) of the operators worked away from their farms in 1955. The average income from this source was

\$1,063 per man. These men spent an average of 3.2 months doing off-farm work. Some of them worked on other farms; some did unskilled work in other industries (Table XXXVI).

The 7 owner-operators who worked off their farms received an average of \$2,071 for 5.3 months of their time. They spent more time away from their businesses than did any other tenure group.

Ten, or 58.8 per cent of the part owners worked an average of 3.6 months off their farms. The average amount earned was \$953.

Two-thirds of the cash tenants did off-farm work. They earned an average of \$530 for 2.8 months of work.

Nineteen, or 59.3 per cent of the crop share tenants earned an average of \$979 from off-farm work. The average amount of time spent was 3.0 months.

Twenty-four, or 64.8 per cent of the crop-share-cash tenants worked off their farms an average of 2.2 months and earned \$698.

Fifty-one per cent of the livestock-share tenants worked off their farms. This was the smallest percentage of any tenure group. The average earnings were \$1,063 for 3.2 months of their time.

The number of operators working off-farm increased by 17 from 1953 to 1955. The average earnings per worker increased from \$973 to \$1,063. The average time spent increased from 3.2 to 3.5 months.

Operator's wife.—As shown in Table XXXVI, 17 wives worked off the farms. Their average earnings were \$1,521 for 7.9 months of labor. Bookkeeping and secretarial work were the major jobs held.

TABLE XXXVI

Type of off-Farm Work Done by 1953 Beginning Farmers and Their Wives in 1955 and Average Receipts From This Source, Fifteen Northern Missouri and Fourteen Southern Iowa Counties.

Type of Tenure	Operator				Wife			
	Number working	Major type of off-farm work <u>1/</u>	Average total income	Average number of months of off-farm work	Number working	Major type of off-farm work <u>1/</u>	Average total income	Average number of months of off-farm work
Owner	7	8, 7, 1	\$2,071	5.3	1	3	\$3,300	10.0
Part Owner	10	1	953	3.6	3	4, 3	1,387	7.7
Cash	4	1	530	2.8	1	4	2,250	12.0
Crop Share	19	1, 6, 8	979	3.0	3	4, 5	1,447	9.0
Crop Share Cash	24	1, 7	698	2.2	4	5, 4	1,043	6.3
Livestock Share	24	1, 7	1,333	3.5	5	4, 3	1,444	7.4
Total or Average	88		\$1,063	3.2	17		\$1,521	7.9

1/ Farm work
2/ Agricultural services
3/ Education
4/ Bookkeeping and secretarial
5/ Public service (non-skilled)

6/ Public service (skilled)
7/ Industrial (non-skilled)
8/ Industrial (skilled)
9/ Private business

Family Assistance

In 1955, seventy-nine gifts were received by 52 operators. The average amount per operator was \$578. Livestock-share tenants received 21 of the 79 gifts. The average amount was \$373. Crop-share tenants received 26 gifts which averaged \$419 per gift. Eighteen gifts were received by the crop-share-cash tenants, and averaged \$211 per gift. Part-owners received 9 gifts that averaged \$444; 6 gifts were received by cash tenants that averaged \$500; and one owner-operator received one gift of \$300 (Table XXXVII).

Fifty-eight of the 79 gifts were in the form of unpaid family labor, and use of family machinery. Six were cash gifts. Three were livestock gifts. Two were machinery, and 6 were feed and seed.

In 1953, 57.9 per cent of the men received family gifts. In 1955 34.2 per cent received gifts. Help declined as the operators became less dependent on family assistance.

Tenure

Tenure arrangements changed during the 1953-55 three-year period. Three of the 13 who started as owner-operators rented additional land and were part-owners in 1955. Three of the 17 part-owners who started farming in 1953 became full owner-operators by 1955. The 6 cash tenants were changed to one part-owner, 2 share-cash renters, and 3 cash tenants in 1955. Two from the 32 crop-share tenants became part-owners, 10 became crop-share-cash tenants, two changed to livestock-share leases, and 18 were still farming with crop-share leases. One of the 37 crop-share-cash tenants became an owner-operator; one changed to a cash lease; two obtained livestock-share leases and 33 continued

TABLE XXXVII

Type and Amount of Family Help Received by Beginning Farmers During 1955 in Fifteen Northern Missouri and Fourteen Southern Iowa Counties, According to Type of Tenure in 1953.

Type of Gifts	<u>Owner</u>		<u>Part Owner</u>		<u>Cash</u>		<u>Crop Share</u>		<u>Crop Share Cash</u>		<u>Livestock Share</u>	
	No.	Average amount	No.	Average amount	No.	Average amount	No.	Average amount	No.	Average amount	No.	Average amount
Cash	-	-	2	1350	-	-	2	2550	-	-	2	800
Livestock	-	-	-	-	-	-	1	300	1	100	1	100
Machinery	-	-	-	-	1	1900	-	-	-	-	1	200
Feed, seed, etc.	-	-	1	100	2	400	-	-	-	-	3	800
Use of family machinery and unpaid family labor	1	300	6	200	1	300	19	216	17	218	14	229
Farm real estate	-	-	-	-	-	-	-	-	-	-	-	-
Household goods	-	-	-	-	-	-	4	350	-	-	-	-
Total number gifts and average amount	1	300	9	444	4	750	26	419	18	211	21	357

to farm under crop-share-cash leases. Two of the 47 livestock-share tenants became owner-operators; one became a part-owner; one a cash renter, three changed to crop-share-cash leases, and 40 remained livestock-share tenants.

The number in each tenure group in 1955 was as follows: (1) owner-operators, 16; (2) part-owners, 21; (3) cash renters, 5; (4) crop-share tenants, 18; (5) crop-share-cash, 48; and (6) livestock-share, 44. Changes from 1953 were an increase of 3 owner-operators, 4 part-owners, and 11 crop-share-cash tenants. Cash, crop-share and livestock-share tenants decreased one, 14, and 3 respectively. Farm ownership still appears to be a major goal of many operators.

Leasing Arrangements

Seventy-two of the 136 men who were renters obtained one tract. Forty-one operators secured two tracts. Eighteen men rented 3, and 5 rented 4 tracts. Sixteen owner-operators did not rent land in 1955.

As shown in Table XXXVIII, 62, or 46.3 per cent of the men had oral leases on all of the land they rented. Fifty-two operators had written leases. Many of them were obtained while the lease holder was enrolled in the on-the-farm training program. However, only 38.8 per cent of the tenants had written leases on all of the land they rented. Fourteen per cent had written leases on part of the land they rented. The number of men with written leases had increased since 1953. Fifteen additional operators had written leases on part or all of their rented land, as compared with the situation in 1953.

Sixty-eight of the 129 men reporting did not have compensation clauses in their leases in 1955. Fifty-four had compensation clauses

TABLE XXXVIII

Percentage of Operators Who Started Farming in 1953 Who Had Written, Oral, and Mixed Leases in That Year and In 1955, Fifteen Northern Missouri and Fourteen Southern Iowa Counties.

Tenure Group	Types of Leases									
	1953 1/					1955 2/				
	No Rented Land	Oral	Written	Both Oral and Written	Total	No Rented Land	Oral	Written	Both Oral and Written	Total
Owner-operator	100	-	-	-	100	83	17	-	-	100
Part-owner	-	71	29	-	100	18	59	23	-	100
Cash renter	-	67	33	-	100	-	50	33	17	100
Crop Share Tenant	-	74	26	-	100	-	53	34	13	100
Crop share Cash Tenant	-	25	64	11	100	2	22	57	19	100
Livestock Share Tenants	-	62	23	15	100	5	48	30	17	100

1/ 150 reporting

2/ 150 reporting.

in all of their leases, and seven in the leases on a part of their rented land (Table XXXIX).

Labor share arrangements.—Twenty-five men had labor share arrangements in 1953 and 16 in 1955, as shown in Table XL. In 1953, 9 men were contributing labor and some of the working capital. In 1955, 14 were operating with agreements of this kind.

In 1953, 16 men were contributing labor only while working with their parents. Six men were contributing labor and some of the working capital. Labor share arrangements decreased from 1953 to 1955. This change was in the direction of progress up the agricultural ladder. As men become better established in a farm business, they are able to supply a greater proportion of the capital, and they receive a greater share of the returns.

Livestock-share tenants had the largest per cent of labor share arrangements in 1953. In 1955, crop-share tenants were the highest group, 15.6 per cent having labor share arrangements. Livestock-share tenants were second highest, with 14.9 per cent.

Most valuable tract rented.—Sixty-eight of the 135 tenants reporting had written leases on the most valuable tract they were renting in 1955; 67 had oral leases.

Forty-five men had indefinite term leases. Seventy operators held one-year contracts. One had a two-year lease, 11 had three-year contracts, and 8 had a five-year lease.

Seventy-one of the 131 tenants reporting did not have compensation clauses in their leases. Seventy-two of the 136 tenants were

TABLE XXXIX

Number of Operators Without Compensation Clauses and Percentage With Compensation Clauses in Leases in 1955 by Tenure Groups and Type of Tenure When They Started Farming in 1953, Fifteen Northern Missouri and Fourteen Southern Iowa Counties.
(Number of operators in tenure group)

Item	Owner Operator	Part Owner	Cash	Crop Share	Crop Share Cash	Livestock Share	Total <u>1/</u>
No compensation clause	1	4	5	21	15	22	68
Percent of land rented with compensation clause in lease:							
0--19							
20--39					1		1
40--59			1				1
60--79					1	2	3
80--99		1				1	2
100	1	7		11	17	18	54
No rented land	<u>10</u>	<u>3</u>	<u>—</u>	<u>—</u>	<u>1</u>	<u>2</u>	<u>16</u>
Total	12	15	6	32	35	45	145

1/ One hundred forty-five reporting.

TABLE XL

Number of Operators Who Started Farming in 1953 With Different Types of Labor Agreements in 1955,
According to Type of Tenure at the Time They Started, Fifteen Northern Missouri
and Fourteen Southern Iowa Counties.

Tenure Group	1953						1955				
	Land Owner						Land Owner				
	Other Non Non Rela- Rela- Rela- tive tive tive						Other Non Relative Relative				
	Parent Operator Supplies						Parent Operator Supplies				
	No Labor Share	Labor only	Labor and parts of working capital	Labor only	Labor only	Labor and parts of working capital	No Labor Share	Labor only	Labor and parts of working capital	Labor and parts of working capital	Labor and parts of working capital
Owner- operator	13						13				
Part-owner	15	1	1				15		2		
Cash renter	5		1				5		1		
Crop-share tenant	26	4	1		1		27	1	3		1
Crop-share cash tenant	36	1					36	1			
Livestock- share	32	10	3	1		1	40		5	1	1
TOTAL	127	16	6	1	1	1	136	2	11	1	2

related to the owner of the most valuable tract. The owners of 46 of the most valuable tracts were active farmers who lived within 50 miles of the farm. Thirty-two men rented from retired farmers who lived within 50 miles. Twenty-nine obtained land from a nonfarm person within 50 miles. Twenty-three men rented from a nonfarm person residing more than 50 miles away. The dominant type of owner of the most valuable rented tract was an active farmer residing within 50 miles of the farm (Table XLI).

Second most valuable tract.—Twenty-one of the 64 men renting more than one tract of land had written leases on the second most valuable tracts. Nineteen had indefinite term leases; 38 had one-year contracts; two held two-year leases; two three-years, and two, five-year leases.

Twenty-eight of the 64 men held leases which contained compensation clauses. Twenty-seven were related to the owner of the second most valuable tract rented.

The dominant type of owner of the second most valuable tract was an active farmer residing within 50 miles of the farm. Retired farmers residing within 50 miles of the farm were the second major type.

Important sources of land.—As shown in Table XLII, 57 of the 146 men reporting considered farms owned by parents as the most important source of land. Obtaining land by having a personal acquaintance with the landlord was considered the most important source by 45 men. People who own farms give first preference to members of their family and second preference to farmers or prospective farmers in the community. These same two sources were considered

TABLE XII

Type of Owner of Most Valuable Tracts Rented by Beginning Farmers in Fifteen Northern ^{1/} Missouri and Fourteen Southern Iowa Counties During 1955, (Number of Operators in Each Tenure Group)

Type of Landlord	Owner Operator	Part Owner	Cash	Crop Share	Crop Share Cash	Livestock Share	Total ^{2/}
Active farmer within 50 miles		8		11	5	22	46
Retired farmer within 50 miles	2	2	4	6	10	8	32
Active farmer over 50 miles		1		1		1	3
Retired farmer over 50 miles							0
Non-farm person within 50 miles		1	2	6	13	7	29
Non-farm person over 50 miles	1	1		7	7	7	23
No rented land	<u>10</u>	<u>3</u>	<u>—</u>	<u>—</u>	<u>1</u>	<u>2</u>	<u>16</u>
Total	13	16	6	31	36	47	149

^{1/} The operators are grouped according to the type of tenure with which they started in 1953.

^{2/} 149 reporting.

TABLE XLII

Most Important Source of Land Farmed by Beginning Farmers in Fifteen Northern Missouri and Fourteen Southern Iowa Counties During 1955, by Type of Tenure When They Started Farming in 1953.
(Number of Operators in Each Tenure Group)

Source of Land	Owner	Part Owner	Cash	Crop Share	Crop Share Cash	Livestock Share	Total
Owned by parents		7	4	11	4	31	57
Rented by parents		1		1			2
Owned by other relatives				1	1	2	4
Rented by other relatives							0
Rented through relatives' help					9	3	12
Inherited	1	2					3
Bought with family aid	3	2				2	7
Bought without family aid	9	3		2	1	1	16
Obtained through personal acquaintance with land- lord		2	2	15	19	7	45
Total	13	17	6	30	34	46	146

most important in 1953.

Twenty-six of the 54 men farming two or more tracts considered land obtained through personal acquaintance with the owner as the second most important source (Table XLIII). Eleven men considered the use of land owned by their parents the second most important source.

Net Farm Income

As shown in Table XLIV, the net farm incomes of part-owners was the highest among the various tenure groups. They received an average of \$2,241. Crop-share renters received \$1,828; crop-share-cash tenants, \$1,700; livestock-share lease holders, \$1,611; owner-operators \$1,069; and cash renters, \$1,050.

The average net farm income was larger for owner-operators, part-owners, and crop-share tenants in 1955 than in 1953. The increase in land values was a major factor in a higher net farm income for owner-operators and part-owners. Low hog prices in the fall of 1955 was a major reason for the decline in livestock-share tenants' net farm income (Table 1, Appendix A).

Despite the fact that businesses were larger, the net farm operating income was smaller in 1955 than in 1953 for all groups except the crop-share tenants. Average gross receipts from livestock and farm produce sales are shown in Table XLV.

All groups except crop-share tenants sold more livestock and farm produce in 1955 than in 1953. Crop-share tenants sold \$1,706 worth of farm produce in 1953, and \$1,622 in 1955. The farm businesses of all groups were larger in 1955 than in 1953.

TABLE XLIII

Second Most Important Source of Land Farmed by Beginning Farmers in Fifteen Northern Missouri and Fourteen Southern Iowa Counties During 1955, by Type of Tenure When They Started Farming in 1953,
(Number of Operators in Each Tenure Group)

Source of Land	Owner	Part Owner	Cash	Crop Share	Crop Share Cash	Livestock Share	Total	
Owned by parents		2		2	5	2	11	
Rented by parents				1	1	2	4	
Owned by other relatives		1		1			2	
Rented by other relatives							0	
Rented through relatives' help							0	
Inherited		1					1	
Bought with family aid		5	1				6	
Bought without family aid		4					4	
Obtained through personal acquaintance with land- lord	<u>3</u>	<u>2</u>	<u>—</u>	<u>7</u>	<u>9</u>	<u>5</u>	<u>26</u>	66
Total	3	15	1	11	15	9	54	

TABLE XLIV

Average Net Income of Families Who Started Farming in 1953 by Sources and Tenure Groups, Fifteen Northern Missouri and Fourteen Southern Iowa Counties 1/

Income	Owner	Part Owner	Cash	Crop Share	Crop Share Cash	Livestock Share
Net farm operating income	\$ 500	\$1,494	\$1,000	\$1,784	\$1,676	\$1,581
Net farm real estate income <u>2/</u>	569	747	50	44	24	30
Net farm income	1,069	2,241	1,050	1,828	1,700	1,611
Off farm income	1,869	1,353	883	1,075	819	1,089
Gifts	23	235	500	341	103	160
Net family income	\$2,961	\$3,829	\$2,433	\$3,244	\$2,622	\$2,860

1/ Incomes are for the 1955 calendar year.

2/ Increased value of owned farm real estate during 1955.

TABLE XLV

Gross Receipts From the Sale of Livestock and Other Farm Products By Farmers Who Started in Business in 1953, Fifteen Northern Missouri and Fourteen Southern Iowa Counties, During 1953 and 1955.

Tenure Group	1953 Source of Income			1955 Source of Income		
	Livestock Sales	Other Farm Produce Sales		Livestock Sales	Other Farm Produce Sales	
		Total	Total		Total	Total
Owner Operators	\$ 908	\$1,231	\$2,139	\$1,638	\$1,415	\$3,053
Part-Owners	1,865	1,465	3,330	3,494	2,035	5,529
Cash Renters	933	1,333	2,266	1,350	1,500	2,850
Crop Share Tenants	850	1,706	2,556	2,116	1,622	3,738
Crop Share Cash Tenants	1,181	1,508	2,689	3,541	1,994	5,535
Livestock Share Tenants	\$1,851	\$ 996	\$2,847	\$3,117	\$1,428	\$4,545

Off-Farm Income

Many of the families who started farming in 1953 obtained a part of their income from off-farm sources. The average amount for all tenure groups except part-owners was greater in 1955 than in 1953. Apparently these people felt the need for more income, and it was easier to obtain from off-farm sources than by increasing farm earnings. The average amount was greatest for owner-operators (\$1,869), and least for crop-share-cash tenants (\$819). Comparisons of returns from off-farm sources in 1953 and 1955 are presented in Table XLVI. The data include the earnings of wives as well as returns to the farm operators.

The average contribution to off-farm income by wives of owner-operators was \$254; part-owners' wives earned \$245; livestock-share lease holders \$154; crop-share renters, \$136; cash renters, \$375; and crop-share-cash tenants, \$113.

When the average contribution of the wives was subtracted from the off-farm income, the average per operator for each tenure groups was: (1) owner-operators, \$1,615; (2) part-owners, \$1,108; (3) livestock-share lease holders, \$935; (4) crop-share tenants, \$939; (5) cash renters, \$508; and (6) crop-share-cash tenants, \$706.

Gifts

Gifts were of less importance in 1955 than in 1953. Cash tenants received the greatest amount in 1955. The average was \$500. Crop-share tenants received \$341; part-owners, \$235; livestock-share lease holders, \$160; crop-share-cash renters, \$103; and owner-operators, \$23.

Net Family Income

Net family incomes in 1955 were greater for owner-operators and

TABLE XLVI

Comparison of Off-Farm Incomes of Beginning Farmers For The Years of
1953 and 1955, Fifteen Northern Missouri and
Fourteen Southern Iowa Counties.

Tenure Group	Average Off-Farm Income ^{1/}	
	1953	1955
Owner-Operators	\$ 931	\$1,869
Part-Owners	729	1,353
Cash Renters	1,167	883
Crop Share Tenants	678	1,075
Crop Share Cash Tenants	613	819
Livestock Share Tenants	\$ 660	\$1,089

^{1/} Includes both operator and wife.

crop-share tenants than in 1953. The other tenure groups had smaller incomes in 1955 than in 1953.

The average net family income for 1955 was \$3,829 for part-owners; \$3,244 for crop-share renters; \$2,961 for owner-operators; \$2,860 for livestock-share lease holders; \$2,622 for crop-share-cash renters, and \$2,544 for cash tenants (Table XLIV).

As shown in Table XLVII, net farm income made up the largest share of the net family income for all groups except owner-operators. Sixty-three per cent of owner-operators' net family income came from off-farm sources. Approximately 33.0 per cent of the net returns of other groups came from off-farm sources.

Gifts made up 20.5 per cent of the net family income of cash tenants. The next highest percentage was 10.5 per cent for crop-share tenants.

Labor Income to Family, Labor Income to Operator,
and Return to Management

As shown in Table XLVIII, labor incomes to the family were greatest for crop-share tenants. In 1955 they averaged \$1,744. Part-owners were second, with averages of \$1,718. Owner-operators had the smallest labor incomes with averages of \$692.

Labor incomes to operators, as shown in Table XLVIII, were highest for crop-share tenants and part-owners. Owner-operators received the smallest amounts.

Positive returns to management were obtained by crop-share renters and part-owners. The other tenure groups received negative returns to management (Table XLVIII).

TABLE XLVII

Composition of Net Family Incomes of Beginning Farmers in Fifteen Northern Missouri and Fourteen Southern Iowa Counties During 1955, by Type of Tenure When They Started Farming in 1953

Item	Owner Operator	Part Owner	Cash	Crop Share	Crop Share Cash	Livestock Share
Net farm income:						
Amount	\$1,069	\$2,241	\$1,050	\$1,828	\$1,700	\$1,611
Percent	36.1	58.5	43.2	56.4	64.8	56.3
Off farm income:						
Amount	\$1,809	\$1,353	\$ 883	\$1,075	\$ 819	\$1,089
Percent	63.1	35.3	36.3	33.1	31.2	38.1
Gifts:						
Amount	\$ 23	\$ 235	\$ 500	\$ 341	\$ 103	\$ 160
Percent	00.8	6.2	20.5	10.5	4.0	5.6
Net family income:						
Amount	\$2,961	\$3,829	\$2,433	\$3,244	\$2,622	\$2,862
Percent	100.0	100.0	100.0	100.0	100.0	100.0

TABLE XLVIII

Labor Income to Family, Operator, and Returns to Management, 1953 Beginning Farmers, Fifteen Northern Missouri and Fourteen Southern Iowa Counties, According to Type of Tenure in 1953. 1/

Tenure Group	1953			1955		
	Labor Income to Family	Labor Income to Operator	Return to Management	Labor Income to Family	Labor Income to Operator	Return to Management
Owner-operator	\$ 508	\$ 392	- \$938	\$ 692	\$ 562	- \$715
Part-owner	1,829	1,724	/ 323	1,718	1,582	/ 271
Cash renter	1,033	983	- 317	817	700	- 700
Crop-share tenant	1,453	1,397	/ 9	1,744	1,653	/ 494
Crop-share-cash tenant	1,819	1,716	/ 403	1,438	1,332	- 70
Livestock-share tenant	1,947	1,811	/ 434	1,330	1,179	- 185

1/ The data are for the 1953 and 1955 calendar years.

In 1953, only owner-operators and cash tenants had negative returns to management, as shown in Table XLVIII. Crop-share tenants made the greatest improvements, moving from averages of $\neq$ \$9 in 1953 to $\neq$ \$494 in 1955. Part-owners moved from a $\neq$ \$323 to a $\neq$ \$271. Live-stock-share tenants had the greatest declines in returns to management. They moved from $\neq$ \$434 in 1953 to - \$185 in 1955. Cash tenants had the second greatest declines, moving from - \$317 in 1953 to - \$700 in 1955.

It has already been pointed out that this group of farmers increased the size of their businesses between 1953 and 1955. Despite this fact, fewer operators received positive returns to management in 1955, than in 1953. The data presented in Table I, Appendix A, show that operating expenses were increasing while commodity prices were declining. The foregoing analysis is based on net farm income. Family assistance was decreasing while off-farm income was increasing. The average 1953 beginning farmer increased his net worth from January 1, 1953, to December 31, 1955, by \$3,136. These were not exceptional years, either from the standpoint of crop yields or farm commodity prices. It appears that it is still possible for a young man to accumulate capital and to become established in farming.

FACTORS WHICH WERE TESTED STATISTICALLY

The primary objectives of this study were (1) to determine how young people started farming in 1953, and (2) to reveal the factors that were most influential in their success.

Changes in net worth from January 1, 1953, to December 31, 1955, according to beginning tenure were tested. The single classification analysis of variance was used. The among to within ratio was 2.92, which was significant at the 5 per cent level. In other words, tenure status does appear to be a factor in success. The part-owners differed significantly from the owner-operators.

Eleven factors were tested in an effort to discovery why beginning tenure gave a significant difference in change in net worth.

The value of gifts received in 1953 was tested, based on beginning tenure. The among to within ratio was 1.82, which was not statistically significant.

Off-farm income for 1953 was tested, based on beginning tenure. The among-within ratio was .48566, which was not statistically significant.

The years of formal education, based on beginning tenure, was tested. The among to within ratio was 1.22, which was not statistically significant.

The 1953 net farm income was tested according to beginning tenure. The among to within ratio was 3.22, which was barely significant at the 1 per cent level. The part-owners and livestock-share tenants differed significantly from the owner-operators.

The 1953 net family income, which was composed of net farm income, gifts, and off-farm income was tested, based on beginning tenure. The among to within ratio was 3.45, which was statistically significant at the 1 per cent level. The part-owners and livestock-share tenants differed significantly from the owner-operators.

The 1953 beginning net worth was tested, based on beginning tenure. The among to within ratio was 6.21, which was statistically significant at the 1 per cent level. The part-owners and owner-operators differed significantly from the other tenure groups. There is an indication that a large beginning net worth is not necessarily associated with large gains in net worth. Part-owners with beginning net worth of \$9,483 gained rapidly; owner-operators with equities of \$9,314 did not.

The influence of acres of cropland, which included row crops, grain crops, hay, and rotation pasture, was tested, based on beginning tenure. The among to within ratio was 3.79, which was statistically significant at the 1 per cent level. The crop-share-cash, livestock-share, and part-owners differed significantly from the owner-operators and cash tenants.

The acres of corn, wheat and soybeans harvested in 1953 was tested, based on beginning tenure. The among to within ratio was 3.90 which was statistically significant at the 1 per cent level. The part-owners differed significantly from the owner-operators and cash tenants. The crop-share, livestock-share, and crop-share-cash tenants differed significantly from the cash tenants.

The number of total acres controlled by the operator in 1953 was tested, based on beginning tenure. The among to within ratio was 4.14 which was statistically significant at the 1 per cent level. The livestock-share tenants differed significantly from the cash tenants and owner-operators. The part-owners and crop-share-cash tenants differed significantly from cash tenants.

The total starting assets under the operator's control were tested, based on beginning tenure. The ratio of among to within was 4.91, which was statistically significant at the 1 per cent level. The livestock and crop-share-cash tenants differed significantly from the owner-operators. The livestock-share tenants differed significantly from the cash tenants, too.

The 1953 total productive man work unit requirements per man was tested, based on beginning tenure. The among to within ratio was 6.67, which was statistically significant at the 1 per cent level. The livestock-share tenants differed significantly from the owner-operators and crop-share tenants. The crop-share tenants differed significantly from the crop-share-cash tenants.

The owner-operators' net farm income and net family income were significantly different from part-owners in 1953. The beginning net worth for part-owners and owner-operators were significantly different from the other tenure groups. Evidently the owner-operators did not have a large enough volume of business to obtain an adequate farm income. Most of the other factors tested indicated that the owner-operators started on small, inadequate farm units.

MAJOR SUCCESS AND FAILURE FACTORS FACED BY BEGINNING FARMERS

Many factors determine success or failure in becoming established in farming. Some can be controlled by the individual, others can not. Important among those that can be controlled are size of business, productivity of the soil, farm experience, skill in management, and

efficient use of land, capital and labor. Factors that are beyond the control of the individual include weather conditions, health, costs, farm commodity prices, and lack of farming opportunities when the individual is at the age to start farming. Risk and uncertainty of the future may be modified through careful selection and management of enterprises, but cannot be removed entirely. They must be considered in plans to become established in farming.

Success Factors Reported

Eighty-six of the 152 men who furnished data for this study named a factor which they considered to be most important in getting started in farming. Twenty-two thought availability of the family farm to be the most important. Nineteen men considered sufficient non-family credit to be the factor of greatest importance. Off-farm income was the most important to eight men. Use of family machinery and/or livestock was considered the most important by eight men. On-the-farm training and income that accompanied it was the most important to 4 men, while gifts and inheritance were the most important for 3 men.

The men also were asked to list the second major factor contributing to their success. Eleven of the 86 reporting did not list a second factor. Ten men reported that sufficient non-family credit was the second most important. Nine men listed use of family machinery and livestock. Eight operators stated the use of the family farm was the second major factor. Family credit or family-backed credit was the second major factor for 7 men. Off-farm income was the second most important factor for 6 men. Three men stated on-the-farm

training and the income that accompanied it was the second most important factor. Three men listed gifts and inheritances.

Factors Limiting Success

As shown in Table XLIX, 39 men of the 110 reporting stated that low prices received for their products was a major factor limiting their success. Weather was reported to be the major factor by 36 men. These 75 men, or 68.0 per cent of those reporting, believed that factors outside their control were largely responsible for their slow financial progress. No doubt these men felt that they had adjusted all the factors under their control to enhance their chance for success. This may not be a sound assumption. It has already been pointed out that a high proportion of the beginning farmers started with small businesses. Family labor was not fully employed and the cost of operating equipment per acre or per hour of use was high.

Lack of credit was a major limiting factor for 9 men. Lack of available land was reported by 8 men. Seven men felt that their low beginning net worth was the reason they did not progress rapidly. They were unable to bring together an optimum combination of production factors. Poor family health was considered by 5 men to be the major factor limiting their success. Only 3 men stated that lack of managerial ability limited their success.

When asked if there was a second major factor limiting their success, 27 of the 107 men reporting on this item said there was none. Low prices was the second factor for 33 men, as shown in Table L. Twenty-seven men said weather was the second factor limiting their

TABLE XLIX

The Most Important Factor Limiting the Success of Beginning Farmers in Fifteen Northern Missouri and Fourteen Southern Iowa Counties, by Type of Tenure When They Started Farming in 1953, (Number of Operators in Each Tenure Group)

Factor	Owner Operator	Part Owner	Cash	Crop Share	Crop Share Cash	Livestock Share	Total
Lack of Credit	1		1	2	4	1	9
Low Beginning Net Worth	1	1		1	2	2	7
Lack of Land	1	1			6		8
Lack of Machinery				1	1		2
Lack of Livestock					1		1
Limited Management Ability		1			1	1	3
Prices		3	2	9	8	17	39
Weather	1	5	2	9	8	11	36
Health and Illness	1	2				2	5
Total	5	13	5	22	31	34	110

TABLE L

Second Major Factor Limiting the Success of the Beginning Farmers in Fifteen Northern Missouri and Fourteen Iowa Counties, by Type of Tenure When They Started Farming in 1953, (Number of Operators in Each Tenure Group)

Factors	Owner Operator	Part Owner	Cash	Crop Share	Crop Share Cash	Livestock Share	Total
None	2	4	1	8	2	10	27
Lack of credit				1	1		2
Low beginning net worth	1					2	3
Lack of land			1	3	1	3	8
Lack of machinery			1		2		3
Lack of livestock					1		1
Management ability							0
Prices	2	7	2	7	9	6	33
Weather		1	1	2	11	12	27
Health and sickness				1	1	1	3
Total	5	12	6	22	28	34	107

success. Lack of available land was reported by 8 men. Lack of machinery, livestock, credit, and low beginning net worth were reported by small numbers of those responding to the question.

CHAPTER IV

SUMMARY AND CONCLUSIONS

Summary

Getting established in farming has never been an easy task. It is not easy today. A modern commercial farm business requires a large investment. Few beginners have funds to set up an efficient operating unit. Superior managerial ability is necessary to operate an efficient modern farm business. Technological advances, particularly in crop production, have forced the farmer to operate a large business in order to get low cost per unit of output. In other words, operating costs are large and returns must be high to meet them.

This study was undertaken to determine how young people are getting started in farming; to find the procedures that are proving to be most successful; and to develop standards that can be used as guides by young people in appraising their chances for success if they make the start with the resources that are available to them.

In order to obtain data for the analysis, a random selection of 112 geographical townships was made in fifteen Northern Missouri counties and an equal number in fourteen Southern Iowa counties. An effort was made to interview all of the farmers in the 224 townships who started operating their businesses in 1953. To be eligible for interview, a beginning farmer had to meet the following conditions: (1) he must have started farming for the first time in 1953; (2) he

had to be in position to select or help select the enterprises that were included in the farm business, to make production and marketing plans, and to direct farm enterprises which required at least 90 ten-hour days of productive labor; (3) he had to be out of full-time formal school before 1953; (4) all or part of his income had to be derived from his contribution to the farm production; and (5) the farm business had to be located in the sample township.

One hundred fifty-two records were used in the study. These men began farming for the first time in 1953 and were still farming at the close of 1955. Data were obtained covering the 1953, 1954 and 1955 calendar years. The tenure arrangement with which the 152 men began farming was as follows: (1) owner-operators, 13; (2) part-owners, 17; (3) cash tenants, 6; (4) crop-share tenants, 32; (5) crops-share-cash tenants, 37; and (6) livestock-share tenants, 47.

The operators who were interviewed had attended school an average of 11.7 years. Seventy-eight per cent were high school graduates. Seven college graduates were included. Thirty-six per cent had been 4-H Club members. Fifty-one per cent had taken Vocational Agriculture in high school. The average age when they started to farm was 25.4 years. Seventy-seven per cent were married at the time they began farming. Ninety-four per cent were farm reared. Seventy-seven per cent were veterans, and 18 per cent attended Institutional-on-farm training classes in 1953. Twenty-three per cent received family help valued at \$500 or more in 1953. Eleven per cent had received \$500 or more of family help prior to 1953. The parents' farm was the most important source of land used by 48 per cent of the men.

The operators furnished the beginning capital in most cases, but 6 of the 116 wives furnished the major portion. Savings were the principal method of obtaining beginning capital. The major sources of savings were earnings from work on their parents' farm, armed services, and industrial labor.

The group had an average of \$19,377 in farm assets under their control at the time they started farming. The livestock-share tenants controlled farm assets that averaged \$24,625 in value, which was the largest for any tenure group. Owner-operators averaged \$7,523, which was the smallest amount. The average value of farm real estate for the other tenure groups was larger than the total farm assets of the owner-operators.

The 152 men had an average of \$26,035 in total assets under their control at the time they began farming. The livestock-share tenants averaged \$33,383, which was the largest amount. Owner-operators had an average of \$13,954, which was the smallest amount.

The group had an average of \$6,069 net worth at the time they began farming. Part-owners had the largest, with an average of \$9,483. Owner-operators had the second largest, with an average of \$9,314. Crop-share tenants had an average of \$4,184, which was the smallest amount. All tenure groups increased their net worth during 1953. The part-owners had the largest dollar gain, which averaged \$2,158, or 22.8 per cent. Livestock-share tenants increased their net worth \$1,404, or 25.4 per cent. Owner-operators had the smallest dollar and percentage change. They gained an average of \$301, or 3.2 per cent.

The average productive man work unit requirement for the initial enterprises carried by the 152 men was 221. Livestock-share tenants and part-owners had the largest requirements. Owner-operators and crop-share tenants had the smallest requirements. Productive man work units per man equivalent were particularly low for owner-operators and crop-share tenants. These men were not fully employed on their farms.

Twenty-five per cent of the men did not use non-real estate credit in 1953. One hundred fourteen operators obtained 166 loans that averaged \$1,441 per loan. Crop-share tenants borrowed the largest amounts. The borrowed money was used primarily for operating expenses and for purchasing livestock and machinery.

Commercial banks were the major source of credit. Seventy-eight of the 166 loans were obtained from this source. The average amount per loan was \$1,291. The average interest rate was 6.5 per cent, and the average term 8.42 months. Eighty-two of these loans were unsecured. A chattel mortgage on the item purchased furnished security for 31 loans. A chattel mortgage on an item already owned furnished security for 21 loans. Eighteen loans were secured by a family member cosigning the note.

Family loans were the second major source. Thirty-five loans were obtained from family members. The average size was \$1,534. In most cases, the terms were extremely easy. Twenty-five were made without interest and for an indefinite term. Most of the loans obtained from family members were unsecured.

Ten men purchased land in 1953. Seven were mortgage purchases and 3 were purchase contracts. Desire for farm ownership was the reason 5

men bought land. Two men had to buy in order to obtain a farm. Uncertainty of tenure was the reason 2 men bought land. Four of the men did not make a down payment. Two were not charged interest. The average rate for the other men was 5.5 per cent.

Seven operators were refused credit in 1953. Four were refused once, and 3 were refused 3 times. Insufficient security was the reason for most of the refusals.

Seventy-one men worked off-farm in 1953. The average income from this source was \$973. A higher percentage of the cash tenants, crop-share tenants, and owner-operators worked off-farm than did the other tenure groups. Custom work and non-skilled industrial labor were the major types of off-farm work.

Eighteen of the 121 wives had off-farm jobs. The average income was \$1,228.

One hundred thirty-eight gifts were received by 88 operators. The average amount per operator was \$769. Livestock-share tenants received the largest number of gifts. Owner-operators received the smallest number. The major type was use of family machinery and unpaid family labor from relatives who were not members of the operator's immediate family.

Eighty-five of the tenant and part-owner operators rented only one tract of land; forty-four rented 2 tracts, and 10 rented 3 tracts. Fifty-six per cent, or 77, of the renters had oral leases on all of the land they rented. Seventy-two did not have compensation clauses in their leases.

Twenty-five men had a labor share arrangement when they began farming. Sixteen operators furnished nothing but labor in a parent-son agreement. Ten of these were livestock-share tenants. Six men furnished labor and part of the working capital in parent-son agreements. Three of these were livestock-share tenants. Thirty-two per cent of the livestock-share tenants had labor share arrangements. This was the greatest percentage of any tenure group.

Having access to family controlled land was very important to the group. Eighty-one of the 137 renters reporting on this item were related to the owner of the most valuable tract rented. Seventy-seven of this number did not have written leases. Fifty-four men had indefinite term leases.

The group had an average net family income of \$2,982. This amount included net farm income, returns from off-farm work, and gifts. The part-owners had the largest net family incomes (\$3,958). Livestock-share tenants were second, with an average of \$3,355. Owner-operators had the smallest with an average of \$1,800.

Net farm income contributed the largest share of net family income for all tenure groups, except owner-operators and cash tenants. The cash tenants had an equal amount of net farm and off-farm income. The owner-operators had more income from off-farm work than the net returns from their farm enterprises.

The family labor incomes, operators' labor incomes and returns to management were the largest for livestock-share tenants in 1953. Part-owners had the second largest. Owner-operators and cash tenants had negative returns to management during 1953.

The size of business in terms of total acres, P.M.W.U., total farm assets, and total assets under the operator's control increased for all tenure groups from 1953 to 1955. The average number of total acres per man in 1955 was 228. This was an average increase of 32 acres, or 16.3 per cent. Productive man work units averaged 301 per man in 1955, which was a 37.4 per cent increase over 1953. The group had an average of \$28,470 farm assets under their control. This was a 46.9 per cent increase. Total assets of all kinds under the operator's control in 1955 averaged \$32,387, which was a 24.4 per cent increase over 1953.

Use of non-real estate credit increased from 1953 to 1955. One hundred thirty-two men had 284 loans in 1955. One hundred forty-five of these loans were obtained in 1955. Commercial banks remained the major source of credit, with family credit being second in importance.

Five men purchased land in 1955. Four used mortgages and one a purchase contract to acquire the land. The average interest rate was 4.25 per cent. The average length of loan was 23.8 years.

The total amount borrowed, non-real estate and real estate, increased \$1,394, or 60.1 per cent from 1953 to 1955.

The number of men working off-farm increased by 17, or 23.7 per cent, from 1953 to 1955. The average earnings per off-farm worker increased from \$973 to \$1,063. The average time spent off-farm increased from 3.2 months to 3.5 months.

The number of men receiving family assistance decreased in 1955. In 1953, 88 men received 138 gifts averaging \$769. Fifty-two operators received 79 gifts in 1955 which averaged \$578 per operator.

The tenure arrangements changed during the three-year period. Three of the original 13 owner-operators rented some additional land and became part-owner operators. Three of the 17 part-owners became full owners. One of the 6 cash tenants became a part-owner, 2 changed to share-cash leases, and 3 remained cash tenants. Two of the 32 crop-share-cash tenants became part-owners; 18 continued to farm under crop-share leases; 10 changed to crop-share-cash leases; and 2 to livestock-share tenants. One of the 37 crop-share-cash tenants became an owner operator; one changed to a cash lease, 33 continued to farm under crop-share-cash contracts, while two became livestock-share tenants. Two of the 47 livestock-share tenants became owner-operators; one a part-owner; one a cash renter; 3 got crop-share-cash contracts; and 40 remained livestock-share tenants in 1955. The total number in each of the tenure groups in 1955 was as follows: (1) owner-operators, 16; (2) part-owners, 21; (3) cash renters, 5; (4) crop-share tenants, 18; (5) crop-share-cash renters, 48, and (6) livestock-share lease holders, 44. The change from 1953 was an increase of 3 owner-operators, 4 part-owners, and 11 crop-share-cash tenants. The number of cash, crop-share and livestock-share tenants decreased by one, 14, and 3 respectively.

The number of labor share arrangements decreased from 1953 to 1955. Twenty-five men had labor share arrangements in 1953 as compared to 16 in 1955.

The average net farm income in 1955 was larger for owner-operators part-owners and crop-share tenants than it was in 1953. Net farm income was computed by determining the net farm operating income, plus

or minus net farm real estate income. Net farm real estate increased in 1955. This increase was a major factor in the larger net farm income of owner-operators and part-owners.

The average off-farm income of all tenure groups except part-owners was larger in 1955 than in 1953. Even though the average size of their farm businesses increased, the men felt a need for more income. Apparently, it was more convenient to get this additional income from off-farm sources than from farm earnings.

Net family income in 1955 was larger for owner-operators and for crop-share tenants than in 1953. The other groups had smaller family incomes. Net farm income made up the largest share of the net family income for all groups except owner-operators. Sixty-three per cent of the owner-operators' net family income came from off-farm sources. Approximately 33.0 per cent of the income of other groups was from off-farm sources.

The labor income to the family was smaller in 1955 than in 1953, for all tenure groups except crop-share tenants and owner-operators. Crop-share tenants had an average of \$1,744, which was the largest among the groups. Owner-operators averaged \$692, which was the smallest. The 1955 operators' labor income also was smaller than in 1953 for all groups, except crop-share tenants and owner-operators.

Positive returns to management were more difficult to obtain in 1955 than in 1953. Only crop-share tenants and part-owners obtained a positive return to management in 1955. Low hog prices toward the end of the year was one reason for the decrease. The average size of

business had increased, but fewer men obtained a positive return to management.

Use of the family farm, sufficient non-family credit, off-farm income, use of family machinery and/or livestock, on-the-farm training, and gifts were the major factors listed by most of the operators as contributing to their success. Low prices and bad weather were the major factors reported as limiting their success. Other limiting factors were lack of credit, lack of land, low beginning net worth, poor family health, and insufficient managerial ability.

The average increase in net worth from January 1, 1953, to December 31, 1955, was \$3,136 per man. The average gain in net worth for each tenure group was: (1) part-owners, \$4,953, or 52.2 per cent; (2) livestock-share renters, \$3,281 or 56.9 per cent; (3) crop-share tenants, \$3,279 or 78.4 per cent; (4) cash renters, \$3,017 or 65.1 per cent; (5) crop-share-cash, \$2,689 or 47.9 per cent; and (6) owner-operators, \$1,216 or 13.1 per cent.

Three owner-operators, or 23.1 per cent; one part-owner, or 5.9 per cent; four crop-share tenants, or 12.5 per cent; two crop-share-cash tenants, or 5.4 per cent; and three livestock-share tenants, or 6.3 per cent, had decreases in net worth from January 1, 1953 to December 31, 1955. When considered as a group, 8.6 per cent of the farmers who started in 1953 had decreases in net worth over the three-year period.

Conclusions

Most young men who have limited amounts of capital should not

try to start farming as owner-operators. They have a better chance of success if they start as tenants on good-sized farms and use their limited funds for working capital.

It is more difficult to become established in farming if the start is made in a period of declining farm prices than in a period of stable or rising prices.

Family help is very important to beginning farmers. The use of the family farm and lenient credit arrangements are two major types of aid that are extremely helpful. However, family help in itself does not guarantee success.

Factors outside the operator's control often limit the success of the beginning farmer. Bad weather and low prices are examples.

Off-farm income supplements farm income in a large number of cases. This may be extremely important in the early years of farming, particularly for the operator who has difficulty in setting up a business that requires full use of labor and equipment. In 1955, it appeared to be easier to obtain off-farm income than to increase farm income. If off-farm income opportunities decrease, it will be more difficult for young men to become established in farming without substantial family assistance.

The findings indicate that a young man can become established in farming if he can start with an adequate business.

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APPENDIX A

TABLE I

Average Prices Received by Missouri and Iowa Farmers, 1953-1955.

Commodity:	Missouri			Iowa		
	1953	1954	1955	1953	1954	1955
Wheat (bu)	\$ 1.94	\$ 1.98	\$ 1.96	\$ 1.98	\$ 2.03	\$ 2.00
Corn (bu)	1.45	1.52	1.37	1.37	1.42	1.31
Oats (bu)	.81	.78	.68	.74	.74	.64
Hay, All (T)	26.43	22.98	19.58	18.61	18.78	16.74
Soybeans (bu)	2.59	2.97	2.28	2.59	3.01	2.24
Hogs (cwt)	21.77	22.31	15.80	21.47	21.67	15.01
Beef Cattle (cwt)	16.77	16.16	16.05	19.37	19.87	18.98
Veal (cwt)	18.69	17.64	18.05	18.41	17.48	16.85
Sheep (cwt)	5.15	5.41	5.54	5.59	5.11	4.57
Lambs (cwt)	20.17	19.79	18.71	20.26	19.60	18.93
Wool (lb)	.49	.49	.44	.49	.49	.47
Milk Cow (head)	135.50	118.33	124.16	184.83	162.08	155.00
Milk (100 lb)	4.01	3.63	3.71	3.82	3.52	3.48
Butterfat (lb)	.58	.50	.49	.71	.64	.62
All Chickens (lb)	.261	.164	.210	.211	.158	.180
Eggs (doz)	.398	.288	.305	.400	.277	.321

Source: Agricultural Prices, U. S. Department of Agriculture, Agricultural Marketing Service, Crop Reporting Board, Washington, D. C.

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