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MINNESOTA FARM MANAGEMENT SERVICE NOTES

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The Farmers Income in 1923

Much has been said and written about the small incomes and large expense bills of farmers during these years of agricultural depression. While it is generally known that farmers incomes have been distressingly low, little information has been available as to just how low they are. In the following tables are presented the items of income and expense on groups of farms in two areas in southern Minnesota representing the principal types of farming practiced there. The farms in the Steele County group average 188 acres in size with a range of from 92 to 357 acres, while the range in Cottonwood and Jackson counties is from 80 to 273 acres and the average size 171 acres.

In type these farms are fairly representative of the section of the state in which they are located. They are, however, probably somewhat more successful than the average farm of the area since they have been keeping complete cost accounts for several years and have made some gains in efficiency of production as a result. The income in Steele county was reduced in 1923 by a severe drouth which cut the corn and hay yields to one-half to two-thirds of a normal crop and greatly reduced the value of pastures. In Cottonwood and Jackson counties, on the other hand, both small grain and corn crops produced much more than a normal yield while the hay crop was only slightly below normal. The income is therefore materially higher than it would have been with normal yields.

Only farm receipts and expenses directly involved in the operation of the farm are included in these tabulations. All personal items have been excluded. The net income shown is the return the farmer receives for his own labor and management and the use of his capital. No interest has been included in the expense and the entire value of the land and other property held by the farmer has been listed as capital whether mortgaged or not. The interest actually paid on indebtedness varied from nothing to nearly \$1000 per farm.

In computing the farmers capital land has been valued at \$100 per acre and stock, machinery, feeds, etc., at current prices. The income and expense shown in these statements are not entirely comparable for the two areas. Since the Steele county farms are practically all operated by owners the returns are computed on an owner basis. In Cottonwood and Jackson counties, on the other hand, only 43 per cent of the land is owned by the operators and of the remaining 57 per cent two-thirds is share rented and one-third is rented for cash. The expense and income under the various kinds of tenure have been combined in computing the averages shown. Consequently the incomes are lower by the amount of the share given the landlord than they would be on the owner basis and the expenses less by the costs borne by the landlord.

The farmer's net income for capital and labor in Steele county will allow him 5 per cent on his capital investment and 19 cents per hour or \$57.00 a month for his time. In Cottonwood and Jackson counties after allowing 5 per cent on the investment the farmer would have left 30 cents per hour or \$85.00 per month for his time.

In addition to the average net incomes of \$2014 and \$1660 shown, family labor valued at \$565 and \$353 (computed on the basis of wages paid to hired men) was marketed thru the farm business, thus bringing the family incomes up to \$2579 and \$2013 respectively. In addition to this the farmer had the auto and the farm horses for personal use for his family and himself as all costs of both have been charged as farm expense. The milk, butter, eggs, meat and other farm produce used in the house is credited at the farm price. If credited at the price paid by those who must buy these same commodities at retail the income would be materially increased.

Farm Income and Expense on 22 Farms in Steele County in 1923

Income:

	Average	Range
Cash Receipts -		
Dairy products	\$1781	\$164 - 3384
Cattle	835	152 - 2946
Swine	1272	384 - 3891
Poultry	269	17 - 758
Sheep	8	0 - 58
Horses	81	0 - 525
Crops	497	0 - 2662
Outside work	71	0 - 817
Miscellaneous	53	0 - 250
Total Cash Receipts	4867	2863 - 8793
Value farm products used in house	214	121 - 345
Estimated value house rent (12% of value)	254	84 - 788
Total Income	5335	3178 - 9863

Expense:

Cash Expense -		
Livestock purchases	394	0 - 1367
Livestock expense	94	9 - 487
Feeds purchased	298	9 - 829
Seed, twine, threshing, etc.	159	32 - 441
Hired labor	324	0 - 818
Buildings, fences, etc.	350	0 - 3202
Machinery and equipment	428	50 - 1797
Auto expense	274	0 - 1108
Insurance and taxes	289	107 - 532
Miscellaneous	21	0 - 66
Total Cash Expense	2631	882 - 5642
Decrease of inventory	125	-2830 - +2891
Unpaid family labor (@ 2¢ per hr.)	565	2 - 1797
Total Expense	\$3321	\$1650 - 7666
Net Income (return for farmers labor & capital)	2014	144 - 4509
Hours worked by farmer during year	3638	2164 - 4376
Value farmers capital	\$26620	\$14629 - 56574

Farm Income and Expense on 23 Farms in Cottonwood and Jackson Counties in 1923

Income:

	Average	Range	
Cash Receipts -			
Dairy products	\$738	\$85	- 1293
Cattle	412	0	- 1188
Swine	644	44	- 1539
Poultry	228	0	- 555
Sheep	72	0	- 305
Horses	44	0	- 315
Crops	576	81	- 1369
Outside work	56	0	- 652
Miscellaneous	80	0	- 350
Total Cash Receipts	2350	1520	- 5190
Increase of inventory	301	-558	- +1553
Value of farm products used in house	222	65	- 475
Estimated house rent (12% of value)	212	0	- 546
Gross Income	3585	1902	- 5945

Expense:

Cash Expense -			
Livestock purchases	206	0	- 1647
Livestock expense	91	1	- 174
Feeds purchased	205	6	- 725
Seed, twine, threshing, etc.	138	30	- 307
Hired labor	84	0	- 714
Buildings, fences, etc.	106	1	- 1406
Machinery and equipment	201	34	- 581
Auto expense	206	0	- 1357
Insurance and taxes	148	10	- 490
Rent	155	0	- 600
Miscellaneous	32	0	- 98
Total Cash Expense	1572	626	- 2264
Unpaid family labor (@2 1/4 per hr.)	353	0	- 982
Total expense	1925	832	- 4277

Net Income (return for farmers labor & capital) \$1660 \$360 - 2739

Hours worked by farmer during year 3405 1606 - 3941

Value farmers capital \$12903 \$2064 - 29704

Distribution of Net Incomes

	Under 1000	1000 to 1500	1500 to 2000	2000 to 2500	2500 to 3000	Over 3000
Steele County	3	3	5	6	2	3
Cottonwood & Jackson Counties	2	7	7	5	2	-
Total	5	10	12	11	4	3