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AGRICULTURAL EXTENSION DIVISION
UNIVERSITY OF MINNESOTA

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MINNESOTA FARM BUSINESS NOTES

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Prepared by the Division of Agricultural Economics
University Farm, St. Paul, Minnesota

PART-TIME FARMING AROUND THE TWIN CITIES

Prepared by L. F. Garey

In recent years part-time farming has been suggested as one possibility in alleviating unemployment in industry and bolstering up low family incomes. The seasonal nature of industrial employment, the increased amount of the worker's leisure time, and the opportunity afforded by part-time farming in off-setting many items in the cost of living are favorable arguments for the part-time farming movement.

The part-time farming movement is accelerated during periods of industrial unemployment but as yet no definite policy has been adopted with regard to it. The dependence of part-time farming on proximity to industrial centers raises the problem of whether part-time farming may become of enough economic importance to compete with commercial farming. There were 1,287 part-time farmers included in a study made around the Twin Cities in 1934. The field work was under the supervision of the Division of Subsistence Homesteads, Washington, D.C., and the data analyzed by the Division of Agricultural Economics, University of Minnesota.

Table 1

Acres of Land and Amount of Capital in 1,287 Part-Time Farms
Around the Twin Cities in 1934

Acres per farm		No. farms	Capital per farm in			Total
Range	Average		Land	Dwelling	Other buildings	
Under 1.0	.54	84	\$130	\$1,274	\$148	\$1,552
1.0 - 1.9	1.12	299	259	1,442	188	1,889
2.0 - 2.9	2.11	205	443	1,504	225	2,172
3.0 - 3.9	3.12	111	636	1,428	258	2,322
4.0 - 4.9	4.22	71	761	1,566	293	2,620
5.0 - 5.9	5.02	217	926	1,486	349	2,761
6 and over	12.08	300	1,818	1,424	389	3,631
Total or average	4.79	1,287	816	1,450	277	2,543

With an average capital of \$2,543 per farm, the estimated value of the dwelling was \$1,450 and other buildings \$277. It is significant to note that the value of the dwelling was about the same in all size groups except the first, and that the value of other buildings increased with the size of the farm.

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W. C. Coffey, Acting Director, Agricultural Extension Division, Department of Agriculture, University of Minnesota, cooperating with U.S. Department of Agriculture.

The value of all farm production increased with the size of the farm. For the farms under four acres in size, the value of the farm products consumed on the farm was greater than the sales but less for those farms of four acres and over. Seventy-three per cent of the production of dairy products, 33 per cent of the livestock, 31 per cent of the poultry and eggs, 31 per cent of the vegetables, and 19 per cent of the fruit were consumed on the farm. The production of dairy products was more nearly adjusted to meet the consumption demand on the farm than was the production of the other farm products.

Table 2

Value of Production, Consumption and Sale of Farm Products on 1,287 Part-Time Farms Around the Twin Cities in 1933

Acres in farm	Value per farm of		
	Production	Consumption	Sales
Under 1.0	\$90.27	\$65.74	\$24.53
1.0 - 1.9	104.72	71.76	32.96
2.0 - 2.9	188.39	102.16	86.23
3.0 - 3.9	262.06	135.05	127.01
4.0 - 4.9	286.05	123.29	162.76
5.0 - 5.9	308.63	141.88	166.75
6 and over	503.66	161.60	342.06
Average	268.05	117.27	150.78

The cash income from the sale of farm products was insufficient to pay the cost of groceries for all groups of farms except those over 6 acres in size. For this group, the sales exceeded the cost of groceries by \$73. For farms 5.0 to 5.9 acres in size, the cost of groceries exceeded the cash income from the farm by \$103 and this excess increased as the farms got smaller, the excess for those under one acre being \$248.

The outside cash income received by these farmers came from a variety of sources and did not vary much with changes in the size of the farms.

Table 3

Total Cash Income Received per Family of Part-Time Farmers Around the Twin Cities in 1933

Acres in farm	Cash income from		Total
	Farm	Outside	
Under 1.0	\$24.53	\$797.60	\$822.13
1.0 - 1.9	32.96	877.88	910.84
2.0 - 2.9	86.23	786.84	873.07
3.0 - 3.9	127.01	824.03	951.04
4.0 - 4.9	162.76	820.49	983.25
5.0 - 5.9	166.75	861.38	1,028.13
6.0 and over	342.06	780.04	1,122.10
Average	150.78	824.74	975.52

Most of the outside income came from occupational earnings and was earned by various members of the family including the operator. Fifty-five per cent of the farmers who received income off the farm worked at unskilled occupations, 32

per cent at skilled and 13 per cent at white collar jobs. About three-fourths of operators worked off the farm and two-fifths of these worked approximately full time. The unskilled workers worked an average of 31 weeks for which they received \$617, the skilled 30 weeks for \$793, and the white collared 37 weeks for \$1,068.

The cash income from the farm exceeded the variable expenses by approximately \$30. It was not sufficient to pay taxes or interest on indebtedness after paying the variable expenses for all farms as a group. The volume of business on farms under three acres was too small to leave any return after paying variable expenses.

Table 4

Cash Income and Variable Expenses per Farm of 1,287 Part-Time Farms
Around the Twin Cities in 1933

Acres in farm	Cash income from farm	Variable cash expense	Returns above variable expense
Under 1.0	\$24.53	\$44.68	\$-20.15
1.0 - 1.9	32.96	62.97	-30.01
2.0 - 2.9	86.23	88.45	-2.22
3.0 - 3.9	127.01	106.95	20.06
4.0 - 4.9	162.76	101.32	61.44
5.0 - 5.9	166.75	150.45	16.30
6.0 and over	342.06	210.79	131.27
Average	150.78	120.95	29.83

The part-time farmers who purchased their farms during the past decade had a rather heavy debt burden. Those who purchased their farms between 1929 and 1933 had an average ratio of debt to value of 72, and those who purchased between 1924 and 1928 an average of 69. Twenty-eight per cent of these farmers had no debt on their real estate and 15 per cent had a debt greater than the valuation of their farm. The debt on those farms which were mortgaged amounted to 65 per cent of the real estate valuation. As the debt load approached 100 per cent, the property valuation declined rapidly, suggesting that the large debt load fell on the low valued farms. Thirty-two per cent of those who had a mortgage on their farms was delinquent in interest and principal payments. Of these, a little over half had a mortgage greater than 70 per cent of the value of their farm. There is some doubt, even with many of those who have a lower debt ratio than the average, as to whether they can liquidate their debt with the income from the farm.

Because of the comparatively small volume of business on part-time farms, they can not be operated at a very high degree of efficiency. To the extent that these families sell and consume products from their farms, they compete with commercial farmers. For those interested primarily in "living", part-time farming offers a means of supplementing other income to the extent of a comfortable living, providing such farms do not carry too heavy a debt.

MINNESOTA FARM PRICES FOR JULY 1935
Prepared by W. C. Waite and W. B. Garver

The index number of Minnesota farm prices for the month of July 1935 was 74.0. When the average of farm prices of the three Julys 1924-25-26 is represented by 100, the indexes for July of each year from 1924 to date are as follows:

July 1924 - 84.8	July 1930 - 82.2
" 1925 - 107.3	" 1931 - 57.4
" 1926 - 107.4	" 1932 - 44.7
" 1927 - 97.8	" 1933 - 57.5
" 1928 - 110.3	" 1934 - 55.7*
" 1929 - 109.5	" 1935 - 74.0*

*Preliminary

The price index of 74.0 for the past month is the net result of increases and decreases in the prices of farm products in July 1935 over the average of July 1924-25-26 weighted according to their relative importance.

Average Farm Prices Used in Computing the Minnesota Farm Price Index,
July 15, 1935, with Comparisons*

	July 15, 1935	June 15, 1935	July 15, 1934	Av. July 1924-25- 26	% July 15, 1935 is of June 15, 1935	% July 15, 1935 is of July 15, 1934	% July 15, 1935 is of July 15, 1924-25-26
Wheat	\$.88	\$.85	\$.88	\$1.39	104	100	63
Corn	.70	.72	.49	.80	97	143	88
Oats	.30	.34	.38	.39	88	79	76
Barley	.39	.55	.61	.64	71	64	61
Rye	.29	.37	.59	.72	78	49	40
Flax	1.35	1.50	1.71	2.21	90	78	61
Potatoes	.42	.36	.55	.97	117	76	43
Hogs	8.60	8.60	6.90	9.99	100	125	86
Cattle	6.90	7.30	3.70	6.17	95	186	112
Calves	7.00	7.30	4.45	9.10	96	157	77
Lambs-sheep	6.69	6.81	5.82	11.33	98	115	59
Chickens	.115	.132	.091	.181	87	126	64
Eggs	.20	.20	.11	.24	102	185	85
Butterfat	.23	.25	.24	.41	92	96	56
Hay	7.82	13.02	11.90	11.70	60	66	67
Milk	1.53	1.49	1.39	2.01	103	110	76

*Except for milk, these are the average prices for Minnesota as reported by the United States Department of Agriculture.

Indexes and Ratios of Minnesota Agriculture*

	July 1935	June 1935	July 1934	Av. July 1924-26
U.S. farm price index	73.4	74.8	58.0	100.0
Minnesota farm price index	74.0	79.3	55.7	100.0
U.S. purchasing power of farm products	89.2	90.1	72.5	100.0
Minnesota purchasing power of farm products	89.9	95.5	69.6	100.0
U.S. hog-corn ratio	10.2	10.0	6.7	12.0
Minnesota hog-corn ratio	12.3	11.9	7.9	13.2
Minnesota egg-grain ratio	16.1	15.5	9.3	14.0
Minnesota butterfat-farm-grain ratio	23.4	21.9	21.2	32.0

*Explanations of the computation of these data are given in Farm Business Notes No. 144.