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PROCEEDINGS

of the

WESTERN FARM ECONOMICS ASSOCIATION

Fourteenth Annual Meeting

June 25, 26 and 27, 1941

Hotel Utah
Salt Lake City, Utah

FARM MANAGEMENT PANEL DISCUSSION

Wm. H. Smith, Jr., University of California, Rapporteur
R. L. Adams, University of California, Chairman

Discussion Leaders:

R. T. Burdick, Colorado State College
C. A. Brennen, University of Nevada
Paul A. Eke, University of Idaho
Alden E. Orr, State College of Washington
O. A. Parsons, Montana State College
R. R. Renne, Montana State College
Roy J. Smith, University of California at Los Angeles
A. F. Vass, University of Wyoming

In his introductory remarks Professor Adams, chairman of the group, expressed deep interest in the panel discussion as a means of exchanging ideas and viewpoints.

Classification of the topics as suggested several weeks before the meeting revealed that group interest was centered on the following subjects:

1. Fields of research in farm management.
2. Techniques of research in farm management.
3. The relations between farm management and programs of action agencies.
4. The improvement of the teaching of farm management.

Discussion Concerning Fields of Research in Farm Management

The comments made by discussion leaders, R. T. Burdick and Paul A. Eke, presented a provocative background for discussion by other members of the group. At the outset it was apparent that no general agreement existed as to the limits of the field of farm management itself. One group held that farm management research is concerned with the characteristics of organization and operation of a given farm, while others held that the field of farm management should have a broader definition. The latter emphasized the point that we solve individual problems by first studying group problems, whereas the former emphasized that all aspects of the changes in the economy ultimately impinge on the farmer as an individual, and it is the individual farmer that is properly the basis of study. This, it was stated, is especially so for three reasons: (a) the farmer's adjustments are conditioned by his appraisal of probable personal gain or loss, (b) his adjustments are determined by physical and economic limitations peculiar to his situation, and (c) the adjustments which may improve the economic status of the individual may not coincide with social or group interest.

Whether we begin with a study of an area, then a group, and

nally consider the individual farmer, or are immediately concerned with the individual, it was generally agreed that the study of factors affecting farmers' incomes was basic to research in farm management. Such study should be extended to consider all income received by the farmer from whatever source and in whatever form.

A study of such factors may approach the problem in a positive manner by considering those factors which contribute to the farmer's success, or the approach may seek those factors limiting the well-being of farmers. Whether the approach be positive or negative, the farm management specialist should not hesitate to call in other specialists for assistance in the research problem or for assistance in applying the findings of such research. This is particularly true where the research concerns group problems which may be beyond the control of the individual farmer. The difference between the field of farm management and land economics or marketing is a matter of degree rather than an absolute qualitative difference. Various aspects of marketing or land economics may present themselves to the individual as problems in farm management, whereas to farmers and others as a group the problem may be recognized as one in the field of marketing or land economics.

This relationship between the field of farm management and other fields is illustrated by the nature of specific fields of research suggested by members of the group. Suggested fields included the following:

1. Land valuation and size of farm.
2. The social cost of large-scale farms.
3. The derivation of yield and production indices.
4. The division of management between the farmer and various private and governmental agencies.
5. The sliding-scale method of financing farmers.
6. The development of smaller tractors and accompanying equipment.
7. The feasibility of using more labor and less machinery in certain farming areas.
8. The development of more flexible leasing practices.
9. The place of farm financial records in farm management extension and research.
10. The effects of federal regulation on the organization and management of livestock ranges.

Discussion Concerning Techniques of Research in Farm Management

This subject was second in degree of interest to the group. Discussion leaders, Alden E. Orr and Roy J. Smith, presented several controversial issues for consideration. Of primary concern was the consideration of objectives in research. It was pointed out that in the past a considerable amount of research has been of the "pure" variety, whereas in recent years there has been greater emphasis on research

ned to solve current problems. A suggestion was made that "pure" research was oriented toward the discovery and isolation of the principles underlying farm management without reference to current problems, the seeking of facts pertinent to specific problems in need of immediate attention might be properly termed "investigation", that is, applied research".

Whether one is concerned with research or investigation, it was agreed that one must set up standards or criteria of successful farm management. These standards will necessarily be highly variable because the objectives of individual farmers differ to a great degree. Some the objective is maximum money returns, while on the other extreme the objectives may be economic security and self-sufficiency.

Although farm earnings constitute one of the most important of criteria for measuring the success of farmers, it was suggested that no one measure constituted an adequate indication of earnings. Instead, one should express farm earnings with a series of measures designed to indicate various aspects of earnings, whether they be monetary or nonmonetary.

The discussion of criteria developed the question as to what criteria should be applied. Should we be concerned with average earnings of a group of farmers in a given area, or all farmers in the area, or simply with individual farmers in the area? Some persons supported the use of case studies of individual farmers because it would attack the problem at the point where improvements would be made. Others pointed out that case studies may be nonrepresentative and not typical of the group of farmers. The latter suggested the use of surveys and the derivation of representative averages to indicate significant characteristics of farms in the group.

These differences were reconciled with the general agreement that a case study to be valid must be a typical case, and an average based upon survey data is likewise valid when it is representative of a large part of the group studied. The two approaches to research are not mutually exclusive but are complementary; that is, we may start with a survey of an area with intention of isolating certain types of farms; then, within homogeneous types of farms we will isolate other groups homogeneous as to other characteristics; and finally, from the smaller groups we will select individual farms for detailed case studies. The latter are particularly necessary where nonstatistical and subjective data are desired.

Relatively little comment was made concerning the use of the budgeting method of analysis or cost of production research. In the latter case it was held by some persons that there is a general lack of interest in cost of production research due to the development of "administered price" policies.

On the other hand, the extension of the budget analysis is

ated upon reliable cost of production data. This, it was stated, particularly important for action agencies to use in weighing alternative programs. The budget is not the last word in technique, it is admitted, but none-the-less it is an extremely useful tool in certain types of research.

Relations Between Farm Management and Programs of Action Agencies

Comments made by discussion leaders, C. A. Brennan and A. F. Vass, in the discussion of action agencies and farm management. It was pointed out that the term "action agency" is indicative of the standing characteristic of such bodies -- they must make decisions, usually within a limited time period. Facts are required as a basis for their decisions. It was suggested that the primary relationship existing between action agencies and farm managers involves the supplying of reliable data to the agencies. These data should be made available to the agencies, whether they be favorable or unfavorable to the proposed program of the agency.

It was further suggested that recommendations for action should be made by research bodies without considering the type of limitations and to what degree these limitations prevail for the individual.

A by-product of the development of action agencies has been the shifting of managerial responsibilities from farmers to one or more agencies. This, it was held, has been necessary because of the lack of management on the part of farmers. Some persons, however, expressed fear that the assumption of managerial responsibilities by agencies was being reflected in the development of undesirable attitudes on the part of farmers. Others suggested more favorable aspects, such as the education of farmers in better farm management practices, whereas some felt that little could be taught to certain farmers.

The most important concern of the farmer, the action agency, and the farm manager is the extent to which farm organization will be influenced by the programs of the agencies. It was emphasized that more beneficial aspects of such programs should be kept clearly in mind, while at the same time giving attention to certain of their weaknesses.

Improvement in the Teaching of Farm Management

Time shortage precluded any formal discussion of ways and means of improving the teaching of farm management. This topic was of such interest, however, that a breakfast meeting was held at which this topic was discussed. The group is particularly indebted to leader, A. Parsons, for helpful comments and prepared materials presented during the meeting.

Three central themes were apparent in the comments made by members of the group. The first of these was concerned with the mechanics of organizing and teaching a course in farm management. It was the general experience of those present that a beginning or very course must be of a descriptive nature and deal with generalized principles, emphasizing method rather than detail. A second course should provide considerable field work as the basis for actual application of principles and method learned in the earlier course. Of particular value in a second course is the use of the case method of teaching, wherein one or more specific farms are used as the basis for detailed study.

The second point of interest concerned course content. Some question was advanced as to the advisability of beginning a course with discussion of measures of farm earnings. One group suggested that consideration of earnings more logically followed some attention to the physical phases of farm organization and operation, whereas others felt that an understanding of measures of earnings was required at the very start. This was especially so if the student was to be acquainted with the objectives of farm management.

Coincident with the discussion of farm earnings, the student should be made aware of the necessity for keeping and using farm records, since it is by this means that attempts are made to determine earnings. Whether the teaching of record keeping is best accomplished in a separate course or as part of an advanced course in farm management was undecided.

A third point of discussion concerned the availability and suitability of textbooks. The general observation was made that none of those now available is suitable. In some cases the major criticism was that texts were too localized in their material content, while in other cases the criticism was that organization of text material did not lend itself well to teaching or that unnecessary material had been included as part of the text.