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PROCEEDINGS

of the

WESTERN FARM ECONOMICS ASSOCIATION

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DESIRABLE SIZE OF THE FARM UNIT-PANEL DISCUSSION
Maximization of Individual Entrepreneurial Income
vs. Settlement of More People on the Land

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The title of this round table presents two alternatives for consideration, but it should be noted that these are not the only alternatives which might be considered with respect to desirable sizes of farm units.

Discussion of farm sizes raises the following questions:

1. What is an "economic unit"? This expression is frequently used by county planners, the Farm Security Administration, the Bureau of Reclamation and others. In one state a county planning group decided upon a desirable size of economic unit which would have reduced the number of farms in the county by half. Is there a place for the concept of an economic unit, and if so, should all farms in an area be approximately the same size?
2. Of what significance is the term "family-sized farm"?
3. Will the desirable size of farm require any hired laborers, and if so, how many? In England the labor party opposed legislation to promote small holdings because they felt that many people would be better off working for a wage rather than working an undetermined number of hours for an uncertain return.
4. What share of our population is likely to be taken care of by industry?
5. How does production for home use relate to farm size?
6. Should large farms be broken up to permit the establishment of more family-sized farms? Are the policies of the various federal agencies consistent with respect to this question? In the South the Farm Security Administration policy points towards the encouragement of 2-mule farms in areas where the prevailing size of farms is such that they can be worked by one mule, but in the Corn Belt the same agency encourages the setting up of farms which are below the usual size. Moreover, to some extent the Farm Security Administration is engaged in developing large-scale farms. It has a number of cooperative projects upon which it is using power machinery. The families live in houses furnished by the project on a rental basis and are paid for their labor on an hourly basis.

The Tenant Purchase program of the Farm Security Administration pointed toward family-sized farms. In the South such a farm generally has more crop acres than is customary in the area and it has been noted that some purchasers will take on a share-cropper if they have the opportunity.

It is evident from the foregoing that the Farm Security Administration has adapted its policy with respect to large-scale farms more closely to local conditions.

The United States Forest Service has followed, to some extent, a policy of breaking up timber tracts, or more particularly range lands, into small units; this is beginning to take its most practical form in the establishment of combination farm-forest units.

7. A full discussion of desirable sizes of farms should consider the place of part-time and residential farms in the agricultural economy, but the limited time available makes it necessary to consider only full-time farms in this round table.

What are the Facts About Changes in the Size of Farms?

An accurate determination of the changes underway in the size of farms requires careful handling and interpretation of statistics. Trends in size of farms are frequently different for different farm sizes. Similarly, the trends for small farms and large farms may be in opposite directions. In parts of California it is reported that a large number of very small farms are being amalgamated into larger units, while at the same time there are many large farms which are being subdivided. In the Palouse wheat country of Idaho there is a tendency for the number of large and of small farms to increase, with a corresponding decrease in the number of medium-sized farms. These changes are associated with changes in the capacity of farm power units.

In those ranching areas which contain substantial acreages of public land it can be said that most new federal land regulations have required operators to control more land, either by ownership or lease, but the actual area covered by a unit has not increased greatly.

In Utah the pressure of population is causing a decrease in the size of farm units in most irrigated sections,

It appears that the 1939 Census of Agriculture will not reveal the true picture with respect to changes in the size of farms. Because these maps were available for many parts of the United States, the total coverage of the Census was unusually complete; but at the same time many small farms were not reported. These two factors will both tend to indicate an exaggerated increase in the size of farms, when compared with earlier censuses. In the range states the census has always been incomplete with respect to the total land in farms. In such areas there must be at least 11 million acres of land in farms and ranches;

the census has never reported more than 5 million. Probably the acreage is somewhat more complete now than earlier.

Changes in the size of farms, based upon total acreages per unit, are misleading because the intensity of use of the land changes. Ranches which have been developed by irrigation are an example of this. With no change, or a decrease in total acreage per unit, the capital inputs per ranch have been greatly increased. Similarly, capital inputs per acre frequently change. A shift from crop farming to stock raising with no change in the acreage in the farm represents a considerable increase in size of farm measured in terms of capital inputs.

In addition to measuring changes in the sizes of farms, it is important to consider changes in the concentration of farm ownership. This aspect of the question has received slight attention from agricultural economists thus far.

In parts of California it is difficult to measure changes in size of farms because it is hard to tell what the operating unit is. Farm operations are specialized and there are different units for different operations. For example, there is the family unit more or less under the control of the family living on the land; there is an acreage and larger area which is covered by one crew which does the planting; and there may be a still different area covered by the operations of an association.

To sum up the discussion on the subject of trends in size, it does not appear that there is very much evidence of a dangerous trend toward larger sized farms in the Western States. Much of the increase which is indicated from census figures is a result of incomplete enumeration and much of the increase which is actually going on represents a combination of two or three small units which were originally too small.

The Economic Farm Unit and the Family-Sized Farm

Two concepts are frequently confused in discussions of economic units. To many people an economic unit is one which is large enough to maintain the operator at a desirable level of living. It would be more accurate to call this an "adequate unit". The other concept centers around the consideration of efficiency in production.

The idea of an "adequate" unit takes into account the ability and aptitude of the farmer, the type of farming and an arbitrary standard of living based upon a specified list of goods and services which are considered by someone else as necessary or desirable for the farm family. The concept frequently lacks reality because of failure to consider the background of the people. A minimum standard of living should include those things which satisfy the desires of a particular group. It should be kept in mind that there may be people who would be happier living on something less than a theoretically minimum adequate

unit, than they would be under any alternative open to them. This may be due to the fact that they are willing to work only a certain amount of land; or that the minimum budgets are likely to contain a number of items which many people do not consider essential to their happiness.

Consideration of the economic unit in terms of efficiency involves questions of the advantageous operation of a unit or units of machinery, and the proportions in which other factors of production should be combined with managerial ability. Efficiency in production would require the minimum-sized unit to be of sufficient size to permit the economical use of machinery. Above this, there would be an array of sizes governed by the managerial ability of the operator. It can be said that good management is the most scarce factor of production and that, for efficiency, as much of other resources as possible should be combined with it. This implies that a part of our farm population should be made up of laborers.

The whole question of adequate and desirable sizes of farms revolves around the broader question of the object to be followed in using the agricultural plant. Three alternatives are available: (1) the maximum production of food and fiber, (2) the maximum efficiency in the production of the necessary quantities of food and fiber, and (3) the maximum number of people that can be maintained on the land at a minimum standard of living, producing food and fiber in the quantities necessary.

Farm Labor and Desirable Sizes of Farms

The question of desirable sizes of farms immediately raises this other question: "Are we or are we not going to have farms on which there will need to be farm laborers?"

Many people think of the family-sized farm in terms of the operator alone, - a one-person farm. It may, instead, be considered as a farm which will provide work for the entire family at the period of peak family labor supply. Such a farm would require hired labor at periods when the supply of family labor was low, and this would furnish an opportunity for young men to get started in farming.

Unless it is assumed that it is agriculture's province to set up its entire working population as farm operators or family workers, agriculture must take the responsibility of supporting some people as laborers. Moreover, a number of products can not be grown without hired labor. All of the hand-harvested crops are in this group. Family-sized farms would not greatly reduce the volume of hired labor needed to handle these.

We need a labor stage in the agricultural ladder, and a rather small permanent farm labor group. This must not mean, however, that farm labor is to be a makeshift arrangement to take care of the unemployed.

Should Large Farms be Broken Up?

From the foregoing discussion, it appears that it would be an desirable national policy to consider that all farms should approximate a minimum, adequate size of unit. A large proportion should be considerably in excess of the minimum, distributed over a range which would include some rather large units. This is desirable in order to insure good use of managerial ability and in order to provide opportunities for agricultural labor. The question now arises of the policy which should be followed with respect to the very large units. Should encouragement be furnished for breaking up these units to provide for the family-sized and medium-sized farms?

There is evidence that many large farms and ranches have reached a size which involves increasing costs. In some cases specialization and large-scale production have gone so far that the advantages are outweighed by increasing transportation costs, packing costs and so forth, and a return towards more diversified production to meet local needs would be desirable.

To some extent the problem of breaking up large units is correcting itself. In many cases operators of large farms and ranches, their heirs, are finding it advisable to sell parts of their holdings. In the South it is not difficult to buy large plantations. In perhaps half the counties of the United States, large farms are being liquidated every year. There is need for a public agency to take these and work out plans for subdivision with the help of local planning groups.

The breaking up of large units can easily be carried too far, and if it is, a reaction in the direction of consolidation can be expected to follow. The degree of subdivision which is desirable will differ for each type of farming. A doctrinaire position with respect to this whole question would be most dangerous.