



Farm security clients in Montana, an analysis of the operations, farm business and farm organization of selected rural rehabilitation clients in Montana, 1937
by Charles P Butler

A THESIS Submitted to the Graduate Committee in partial fulfillment of the requirements for the Degree of Master of Science in Agricultural Economics at Montana State College
Montana State University
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Abstract:

The average total money received from farm operations, rehabilitation loans and other sources, exclusive of the non-cash income from the farm, by 145 rehabilitation clients, distributed throughout the state, in 1937 was 1454.38. Of this amount 51.4 per cent was from the farm business, 24.3 per cent from Resettlement Administration Loans, 9.5 per cent from rehabilitation grants, 9.8 per cent from miscellaneous receipts, 1.3 per cent from other loans and 3.7 per cent from work relief including income from C.c.c. The average total money paid out by these clients in 1937 was \$1455.42 or \$1.04 more than the total average receipts. Of the total money paid out 53.4 per cent was for farm business, 30.7 per cent was for family living, and 15.9 per cent was for payment on Resettlement Administration loans and other debts. It should be recognized that the cash family living expenses does not include that portion furnished by the farm.

The total average cash expenses for family living for 163 clients in 1937 was \$431.26. The total expenses compared very closely with the state budget for the different size family groups. However, there was considerable variation of the distribution of expenses between the estimated budgets and the actual expenses.

The range in labor income of 97 individual operators was from \$2,212 to a minus \$2,303 with an average of minus \$68. Labor income as used here represents the labor earning of the family from farm operations exclusive of non-cash farm income. Factors associated with the larger labor incomes were: large farm, more acres in crops, more acres in wheat, larger wheat yields and more animal units per farm.

Undoubtedly many of the rehabilitation clients are capable farm managers who, if given the opportunity and backing, could become fully established permanent operators in their communities. The best way for them to achieve self-sufficiency is to expand their operations from year to year. This may be done by moving to better land or by enlarging their farms on the present quality of land. This will enable them to keep more livestock, raise more cash crops and utilize their marginal abilities somewhere near their capacities. Educational work with the class of clients who do not have managerial ability to handle larger units will perhaps contribute more to their ultimate success than any attempt to increase their units. The best single method of locating farmers who have managerial ability, or those who do not, is through good farm business records accurately and conscientiously kept and analysed over a long period of time.

FARM SECURITY CLIENTS IN MONTANA

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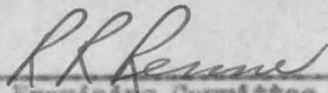
A THESIS

Submitted to the Graduate Committee
in partial fulfillment of the requirements
for the Degree of Master of Science
in Agricultural Economics at
Montana State College

Approved:



In Charge of Major Work



Chairman, Examining Committee



Chairman, Graduate Committee

Bozeman, Montana
June, 1939

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ACKNOWLEDGMENT

The author is indebted to the Farm Security Administration for making available the material used in this study and especially to Miss Alda Torgerson, Associate Director, for her valuable criticisms and suggestions throughout this study. Acknowledgment is also due the Works Progress Administration, Work Project Numbers 2571 (OP 665-91-3-43) and WP 2421 (OP 665-91-3-44) for assistance in transcribing and tabulating the field data and for preparing the charts and maps. The author also wishes to express his appreciation to Dr. R. R. Renne, Dr. G. F. Kraenzel, and Professor Howard Lord for their valuable suggestions and criticism of this study.

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ABSTRACT

The average total money received from farm operations, rehabilitation loans and other sources, exclusive of the non-cash income from the farm, by 145 rehabilitation clients, distributed throughout the state, in 1937 was \$1454.38. Of this amount 51.4 per cent was from the farm business, 24.5 per cent from Resettlement Administration Loans, 9.5 per cent from rehabilitation grants, 9.8 per cent from miscellaneous receipts, 1.3 per cent from other loans and 3.7 per cent from work relief including income from C.C.C. The average total money paid out by these clients in 1937 was \$1455.42 or \$1.04 more than the total average receipts. Of the total money paid out 53.4 per cent was for farm business, 30.7 per cent was for family living, and 15.9 per cent was for payment on Resettlement Administration loans and other debts. It should be recognized that the cash family living expenses does not include that portion furnished by the farm.

The total average cash expenses for family living for 163 clients in 1937 was \$431.25. The total expenses compared very closely with the state budget for the different size family groups. However, there was considerable variation of the distribution of expenses between the estimated budgets and the actual expenses.

The range in labor income of 97 individual operators was from \$2,212 to a minus \$2,303 with an average of minus \$68. Labor income as used here represents the labor earning of the family from farm operations exclusive of non-cash farm income. Factors associated with the larger labor incomes were: large farms, more acres in crops, more acres in wheat, larger wheat yields and more animal units per farm.

Undoubtedly many of the rehabilitation clients are capable farm managers who, if given the opportunity and backing, could become fully established permanent operators in their communities. The best way for them to achieve self-sufficiency is to expand their operations from year to year. This may be done by moving to better land or by enlarging their farms on the present quality of land. This will enable them to keep more livestock, raise more cash crops and utilize their marginal abilities somewhere near

their capacities. Educational work with the class of clients who do not have managerial ability to handle larger units will perhaps contribute more to their ultimate success than any attempt to increase their units. The best single method of locating farmers who have managerial ability, or those who do not, is through good farm business records accurately and conscientiously kept and analyzed over a long period of time.

PART I

INTRODUCTION

Agriculture is a very diversified industry. It is carried on under the most varied and changing conditions possible. It is not only subjected to changing economic conditions but is subjected to the risk of natural and biological conditions more than any other industrial enterprise. There are, within the industrial division of agriculture, people and families who are continually operating at all levels of success and failure. Climatic conditions, heavy farm mortgage debts, improper use of land, poor managerial ability and pressure brought by general economic conditions are in general the recognized maladjustments causing low incomes and disadvantaged farm families.

There have always been some low-income and disadvantaged farm families in the United States. Although there has been considerable fluctuation in numbers from time to time, it is almost certain that the number has increased in each succeeding generation. For more than a century the United States carried on a liberal program of rural relief under the guise of free land. Today we can not use this easy solution as a means of curing the agricultural and industrial ills. Free land, capable of producing a decent living, has disappeared and we have at last been forced to cope with the problem of rural relief in a new manner.

In 1934, the Federal Government, in answer to the demands of the disadvantaged farm families, decided upon a method of farm relief. The

administration adopted the policy of helping this under-privileged group to gain a self-supporting status by means of a minimum of financial aid and technical guidance.

Rural rehabilitation first became an activity of the Federal Government in April, 1934, as a part of the Federal Emergency Relief Administration. The Resettlement Administration replaced the Federal Emergency Relief Administration as an agency responsible for the rural rehabilitation program on July 1, 1935. Since that time, this responsibility has been delegated to the Farm Security Administration.

"Aiding destitute and low-income farm families, through a system of supervised credit, forms the basic elements of the rehabilitation program. Other associated activities in this field include farm-debt adjustment and extension of group loans to farmers and relief of victims of drought, flood and other disasters." ^{1/}

The one idea back of the rural rehabilitation program was that by extending aid to worthy farm families in need by providing them with seeds, fertilizers, tools, livestock and perhaps even land, they could keep off the relief rolls and work their way out of emergency-dole situations. Capable farmers or those who were thought to be capable, were advanced loans that might be used for one or another of the following specific purposes: "(1) to buy feed for livestock, (2) to buy seed, fertilizers, livestock and equipment to produce crops, (3) to provide commodities for subsistence

^{1/} Alexander, Will W. Report of the Administrator of The Resettlement Administration, 1937, Page 3.

until sufficient food stuffs could be raised for household uses, (4) to obtain medical care and other special family-living goods or services, and (5) to meet pressing existing obligations. The loans, extended at a reasonable rate of interest, were to be repaid within a 5-year period; limited grants for subsistence were also made whenever necessary until the client could achieve a self-help standing." 1/

The method of making loans was discontinued when the Resettlement Administration in July 1935, (succeeded by the Farm Security Administration, September 1, 1937) took over the duties of rural rehabilitation. The new program provided for farm and home management plans and organized supervision to loan clients. The old loans advanced before the new program went into effect and were continued temporarily. Needy families were given direct-relief grants to help them until other arrangements could be made to care for them under the new program. Under the new program, the standard farm and home plan loans were, in many cases, supplemented by subsistence grants.

"Supervised credit is based upon the realization that farm families in the less advantaged groups cannot improve their condition without a combination of financial help and technical guidance." 1/ The farm and home management plans are formulated by the rehabilitation supervisor in cooperation with the clients for the most economical use of their land, labor,

1/ Kirkpatrick, E. L. - Analysis of 70,000 Rural Rehabilitation families U.S.D.A. The Farm Security Administration and the Bureau of Agricultural Economics Cooperating, Social Research Report No. II.

livestock, and crops and are financed by small short-term loans of 2 to 5 years. Loans in the United States have averaged approximately \$300. The loans carry a 5 per cent interest rate. Liens on the client's chattels and crops are required as security for rehabilitation loans but the most important security is human equity. The typical farm and home management plans provided, first of all, for the production of farm commodities to meet the families own subsistence needs. Feed production for the livestock is the next consideration and the remainder of the farm is devoted to the production of cash crops. Diversification is encouraged and highly specialized one-crop systems of farming are frowned upon by the Administration.

The total active cases reported by the Resettlement Administration, June 30, 1936 was 536,302. Of these 104,334 were active grant cases; 189,855 were standard rural rehabilitation loans; 37,158 standard State Corporation loans; 166,007 were emergency rural rehabilitation loans, and 166,007 were emergency State Cooperation loans. The total active cases in Montana at the same time were 8,757. Of these 5,290 were active grant cases; 1,415 standard rural rehabilitation loans, 46 standard State Corporation loans, 533 emergency rural rehabilitation loans, and 1,473 emergency State Cooperation loans. 1/ The total money advanced for loans and grants in Montana from June 30, 1935 to June 30, 1936 was \$1,462,384. The Administration has continually been adding clients to its rolls both grant and standard loan cases. The amount of money advanced has increased steadily. However,

1/ Tugwell, Rexford G. - First Annual Report of the Resettlement Administration, 1936.

there are still a large number of farmers in the state eligible for rehabilitation loans who, because of limitation of funds and of personnel, could not be helped.

The Purpose of This Study

The chief purpose of a farm business analysis is to reveal information which will assist those responsible for the success of the business to make the farm more profitable. The combination of the various factors of production on the most profitable farms should serve as a guide in reorganizing the unprofitable farms.

Another objective of this study is to portray the situation during 1937 and, in a broad way, indicate what the Farm Security Administration, through its rehabilitation process is doing for and to the families involved.

The differences in organization and the status of the Farm Security clients by tenure classes and type of farming areas will be pointed out.

This study should be of value to the rural rehabilitation supervisors in providing basis for the estimates in preparing the Farm and Home Management Plans.

The importance of the Farm Family record and its advantages to the farm family will be emphasized. Means of improving the quality of records kept will also be suggested.

If this study stimulates an interest in Farm and Home accounts and results in any way to induce the farm clients to keep better records, it will be felt that a very worthwhile purpose has been accomplished.

Procedure In Analysis

The Farm Security Administration made available for this study 326 Farm Family Record Books kept by Farm Security clients in Montana. Only 145 of these records were selected for this analysis. All records that had a complete record of income and expenses for the year 1937 were used. Many of the clients failed to keep complete records and some kept good records for only a part of the year.

Additional information was obtained from the files of the county rural rehabilitation supervisor to supplement the information contained in the Farm Family Record Books. For the most part, the farm inventories were obtained from the farm plans as they were seldom complete in the record books.

Some of the records of the cash expenses for family living were obtained from a previous study by the Farm Security Administration. These records were supplemented with records of the cash expenses for family living obtained from the record books.

All of these records were not complete enough to use for all phases of this analysis so, in some cases, the number of records used will be different from the number used in other phases of the analysis.

Insofar as it was possible, a standard procedure was followed in making this analysis. The meaning and distinction between such terms as gross cash farm income, net cash farm income, income to labor and capital, and labor income must be kept in mind at all times when such terms are being used.

The data for the part of this analysis dealing especially with grant cases in Dawson County was obtained from the Farm Security Administration from a statistical summary compiled by Phyllis E. Sullivan and Raymond C. Barnett.

Limitations of this Study

The number of records used in this study was too small to make any general conclusion as to differences between counties, type-of farming areas or tenure groups. The results of this analysis can only serve to indicate, in a broad way, these differences. Any results obtained from a limited sample will naturally have a large probable error of estimate.

The farms included in this analysis are distributed over all parts of the state and include small farms, large farms and medium-sized farms as well as some irrigated and some dry land farms. The records were selected at random; the only requirement being that the record selected be complete for the year 1939.

The value of this analysis is also limited by the time covered. These records include only the records for the one year's business, 1939. It is realized that variations in income are affected by natural conditions beyond the control of man as well as the organization of production factors. Therefore, in considering the results obtained from this analysis, consideration and allowances for the natural conditions prevailing at that time, must be made.

There was considerable variation in the quality of records kept by the clients. Some records were very good and accurately kept while others were very poor. As there was no means of checking on the individual clients it must be assumed that each client has listed all of his income and expenses as instructed. In each record used the individual item entries were checked to see that they were properly recorded. The summary tables of the records used were carefully checked with individual item entries.

A complete concept of all the variations in farm organization and operations of the Farm Security clients in Montana cannot be had from this study but it is believed that this study has accomplished the purpose of portraying the general situation in 1937 and in a broad way indicating what the Farm Security Administration, through its rehabilitation process, is doing for and to the families involved.

PART II

Yearly Summary of Money Received and
Money Paid Out by Selected
Farm Security Clients in
Montana, 1937

This analysis was made from 145 Farm Family Records kept by Farm Security clients in Montana in 1937. All of the records cover the complete year's transactions from January 1, 1937 to January 1, 1938. Most of the clients included in this analysis are standard farm loan cases although, as will be seen from this analysis, direct relief in the form of Resettlement grants amounted to a considerable sum.

Summary Table I in the Farm Family Record Books was used for this analysis. The money received is classified as: Money received from the sale of farm products, Resettlement Administration loans, and other sources. The money paid out is classified as: Money paid out for farm business, family living, and payments on Resettlement Administration loans and other debts.

Table I shows the yearly summary of money received and money paid out by Farm Security clients in Montana for 1937. The summary is made by type-of-farming areas in the state. (See figure 1). ^{1/}

The average total amount of money received by all the clients was \$1,454.38. The average income from the farm business amounted to a little more than 50 per cent of the total money received. The amount received from Re-

^{1/} For a summary of the characteristics of the major types of farming areas in Montana, see Appendix A, Page 79. The summary was taken from an unpublished study of the types of farming in Montana made by the Montana Agricultural Experiment Station in cooperation with the Bureau of Agricultural Economics, U.S.D.A.

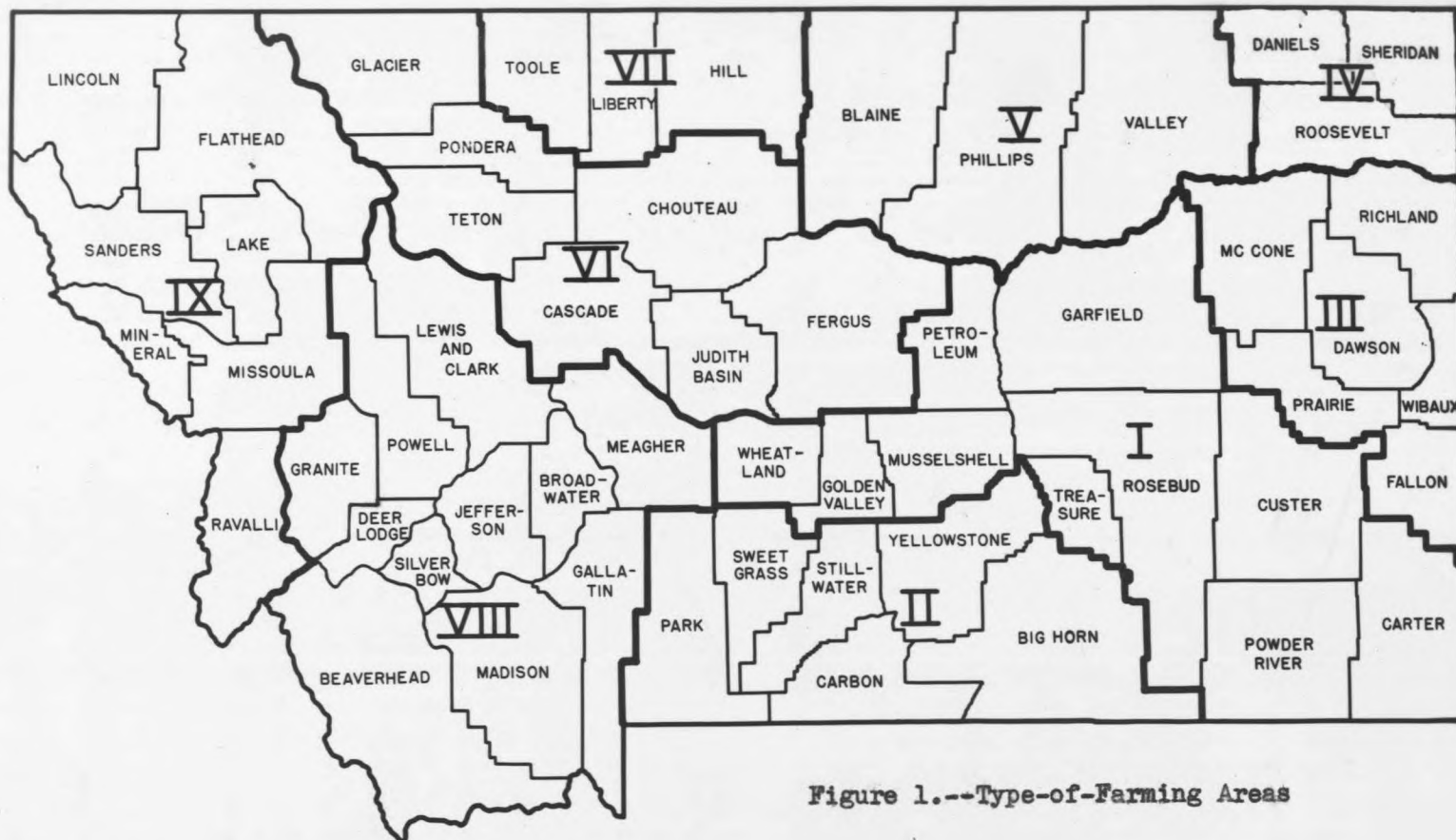


Figure 1.--Type-of-Farming Areas

Ref: Mont. State College Agri. Expt. Station
 Bulletin 367. Types of Farming in Mont.

TABLE I.--YEARLY SUMMARY OF MONEY RECEIVED AND MONEY PAID OUT
BY SELECTED FARM SECURITY CLIENTS IN MONTANA - 1937

(Average Per Family for State and Type-of-Farming Areas)

State & Type of Farming Areas	No. of Records	Total Amt. of Money Received	MONEY RECEIVED FROM			Total Amt. of Money Paid Out	MONEY PAID OUT		
			Sale of Farm Pro- ducts ^{1/}	Resettle- ment Adm. Loans	Other Sources		Farm Business	Family Living	Paym't on Resettle't Adm. Loans & Other Debts
State	145	\$1454.38	\$748.06	\$352.89	\$353.43	\$1455.42	\$777.33	\$446.52	\$231.57
Area I	21	1398.58	653.86	271.57	473.15	1419.98	761.00	442.44	216.54
Area II	39	1516.26	767.00	449.64	299.62	1476.30	816.20	420.21	239.89
Area III	13	1773.63	851.45	398.15	524.03	1695.64	819.90	463.60	412.14
Area IV	7	1127.75	333.35	442.35	352.05	1110.73	314.16	414.43	182.14
Area V	--	---	---	---	---	---	---	---	---
Area VI	22	1243.68	542.33	303.14	398.21	1260.22	652.39	446.95	160.88
Area VII	13	1379.56	574.90	309.58	394.10	1262.02	706.79	420.32	134.91
Area VIII	11	1626.35	1215.43	536.71	174.21	2000.00	1005.00	593.35	401.27
Area IX	19	1381.93	981.44	161.05	239.44	1457.41	844.33	437.59	175.49

^{1/} Includes A.A.A. Allotments and Conservation Payments.

settlement Administration loans and other sources each amounted to about one-fourth of the total money received.

The average total amount of money paid out per family was \$1,455.42 or \$1.04 more than the total amount received. The total money paid out for farm business amounted to more than total income from farm business (Table II.) The average amount paid out for family living, \$446.52, was about 31 per cent of the total money paid out. The amount paid out on debts was 65.5 per cent of the money received from Resettlement loans.

Type of farming areas I, VI, VII, and IX reported the average total amount of money received to be less than the average total amount paid out. There were no records from Area V.

The yearly summary of money received and money paid out by counties is shown in Appendix B, Table XXXVI. There were very few records from most of the counties and some counties had no records. The averages shown in this table may or may not be typical for the counties represented because of the limitation of the size of the sample.

Income and Expenses For the Farm Business

Only three type-of-farming areas in the State, Areas III, VIII and IX, had a net cash income from the farm business (Table II). The average for all the clients whose records were analyzed was a net loss of \$29.27. Areas VIII and IX had the largest net income from farm business. Over 52 per cent of all clients had a net loss from the farm business (Table III). A larger

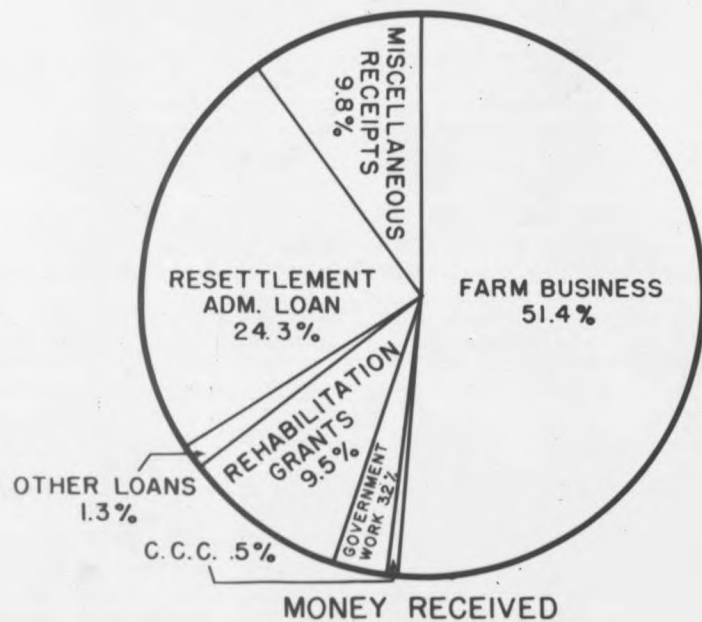


Figure 2.--Distribution of Money Received and Money Paid Out by Farm Security Clients in Montana - 1937

TABLE II.--TOTAL CASH RECEIPTS, CASH EXPENSES, AND NET CASH RECEIPTS OR NET LOSS FROM FARM BUSINESS OF SELECTED FARM SECURITY CLIENTS IN MONTANA - 1937

(Average Per Farm for State and Type-of-Farming Areas)

State & Type of Farming Areas	Total Cash Receipts from Farm Business	Cash Expense for Farm Business	Net Cash Receipts or Net Loss from Farm Business
State	\$ 748.05	\$ 777.33	\$ -29.27
Area I	553.85	761.00	-107.14
Area II	767.00	816.20	-49.20
Area III	851.45	819.90	31.55
Area IV	353.35	514.16	-160.81
Area V	--	--	--
Area VI	942.33	652.39	-110.16
Area VII	574.90	706.79	-134.89
Area VIII	1212.43	1005.00	210.43
Area IX	981.44	844.33	137.11

per cent of the clients had a net loss in Area IV than in any other area. Areas III and IX were the only areas that had more clients with a net income than those having a net loss.

The net income from the farm business for the individual clients varied from a net income of \$2,677.89 to a net loss of \$1,796.28. Table IV shows the distribution of the farm families classified on the basis of net cash income from farm business by type-of-farming areas.

Income from Other Sources

The income from other sources shown in Table I includes income from rehabilitation grants, emergency work relief, C.C.C., other labor and miscellaneous receipts, and loans other than from the Resettlement Administration. Table V shows the classification of the cash receipts from other sources. Grants make up the greatest portion of this income. The average amount of grants received during 1937 by all the clients was \$138.08. The average income from grants received by clients in Areas VI and VII, the two areas having the largest average amounts was \$215.18 and \$264.85 respectively. It is significant to note that the clients in Areas VIII and IX received less income from grants than the other areas and that they also had the largest average net income from the farm business.

TABLE V.--CLASSIFICATION OF CASH RECEIPTS FROM OTHER SOURCES
FOR SELECTED FARM SECURITY CLIENTS IN MONTANA - 1937

(Average Per Family for State and Type-of-Farming Areas)

State & Type of Farming Areas	Number of Records	Total Money Received from Other Sources	Rehabili- tation Grants	MONEY RECEIVED FROM			
				Government Work	C.C.C.	Other Labor & Misc. Receipts ^{1/}	Loans than Resettle- ment Adm.
State	145	\$ 353.43	\$ 138.08	\$ 47.27	\$ 6.64	\$ 142.58	\$ 18.86
Area I	21	473.15	175.13	41.16	8.34	192.94	55.58
Area II	39	299.62	133.79	27.13	1.77	130.40	16.53
Area III	13	524.03	95.15	128.29	7.69	262.89	29.01
Area IV	7	352.05	151.72	199.33	--	1.00	--
Area V	--	--	--	--	--	--	--
Area VI	22	398.21	215.18	80.34	9.09	82.46	11.14
Area VII	13	394.10	264.85	6.77	19.23	97.10	6.15
Area VIII	11	174.21	39.49	1.15	--	126.39	7.18
Area IX	19	239.44	10.68	--	8.89	212.40	7.47

^{1/} These figures are relatively low compared with the outside labor and miscellaneous income as reported by Dr. Carl F. Kraenzel in his recent study. His study shows the average income from Outside Labor and Miscellaneous Services as \$435.93 for all families studied, \$410.32 in McCone County, \$310.53 in Powder River, \$451.98 in Flathead, and \$605.05 in Lake County. "Population Mobility in Selected Montana Farm Communities", Montana Agricultural Experiment Station, Bulletin No. 371, 1939.

SUMMARY OF CASH OPERATIONS

The summary of the cash operations for 1937 is shown in Table VI. The average farm operations resulted in a net loss of \$29.27. Other earnings, including income from Government work, other labor and miscellaneous receipts and income from C.C.C. was \$196.49 leaving the net earnings as \$167.22. The other receipts not classified as earnings such as: Resettlement Administration grants and loans, and other loans amounted to \$509.83. The net receipts from cash operations was \$677.05, this was the amount left from which the family living expenses and payment on debts must be made. The combined amount paid on debts and for family living was \$678.09 or \$1.04 more than the net receipts from cash operations. This indicates that some of the cash expenses were paid by money on hand at the beginning of the year.

TABLE VI.--STATEMENT OF CASH OPERATIONS
OF SELECTED FARM SECURITY CLIENTS IN MONTANA - 1937

(Average per Family)

1. Farm Operations:		
Cash Income	\$ 748.06	
Cash Expenses	<u>777.33</u>	
Net Income		\$ -29.27
2. Other Earnings:		
Government Work	\$ 47.27	
Other Labor and Misc. Rec.	142.58	
C.C.C.	<u>6.54</u>	
Total		196.49
3. Other Receipts:		
R. A. Grants	\$ 138.08	
R. A. Loans	352.89	
Other Loans	<u>18.86</u>	
Total		<u>509.83</u>
4. Total Receipts from all Operations:		\$ 677.05
5. Cash Paid Out:		
Family Living	\$ 446.52	
Payment on debts	<u>231.57</u>	
Total		<u>\$ 678.09</u>
6. Amount paid out over total receipts:		\$ 1.04

PART III

Cash Expenses for Family Living

It would be interesting to know the total value of the family living, including all goods and services used whether they were obtained by direct purchases or produced on the farm. The value of the family living furnished by the farm could not be obtained from the clients whose records were studied. ^{1/} This analysis is limited to the cash cost of family living secured from the records of 163 Farm Security Clients in Montana for the year 1937.

These records indicated considerable variation in cash cost of family living per family; the total cost ranging from \$70.00 to nearly \$1,000 (Table VII). The largest proportion of all families, 28.2 per cent had a cash cost of family living ranging between \$370 and \$470. Over 64.4 per cent of all the clients had a total cash cost of family living less than \$470 per family. Nearly 15 per cent of the families had cash expenses less than \$270 for family living.

The cash expenses for family living includes expenses for food, household operation, clothing, housing, furnishings and equipment, medical care, personal expenditures, and expenses for education, recreation, church

^{1/} A study made of the Cost of Living of Montana Farm Families by Dr. Jessie E. Richardson of the Department of Home Economics shows the contribution of the farm to family living as follows: Food - \$604.32, housing - \$226. or a total of \$830.32. "The Quality of Living in Montana Farm Homes", Montana Agricultural Experiment Station, Bulletin No. 260 - 1932, p. 19. The families represented in Dr. Richardson's study were in the more successful higher income groups and would not be comparable to rehabilitation clients.

TABLE VII.--DISTRIBUTION OF 163 FARM FAMILIES
CLASSIFIED ON THE BASIS OF CASH COST OF
FAMILY LIVING - 1937

Cash Cost of Family Living	Number of Families	Percent
\$ 70 - 169.99	4	2.4
170 - 269.99	20	12.3
270 - 369.99	35	21.5
370 - 469.99	46	28.2
470 - 569.99	30	18.4
570 - 669.99	17	10.5
670 - 769.99	5	3.1
770 - 869.99	4	2.4
870 - 969.99	2	1.2

TABLE VIII.--CASH EXPENSES FOR FAMILY LIVING OF SELECTED FARM SECURITY CLIENTS IN MONTANA
AVERAGE PER FAMILY BY SIZE OF FAMILY GROUPS - 1937

Size of Family	Number of Families	Total Cash Ex- penses for Family Liv- ing	TOTAL CASH EXPENSES FOR--						
			Food	Household Operation	Clothing	Housing Furnish- ing and Equip- ment	Medical Care	Personal Expendi- tures	Education; Recreation; Church; Wel- fare; Gifts
All Fam- ilies(4.9)	163	\$ 431.25	\$235.87	\$ 29.16	\$ 70.82	\$ 31.16	\$ 24.93	\$ 13.21	\$ 26.10
1	1	192.36	49.00	39.00	104.36	-	-	-	-
2	19	291.02	158.38	31.07	37.83	16.36	26.45	9.33	11.59
3	31	364.99	197.18	26.41	51.18	31.32	19.30	13.28	26.32
4	35	419.01	231.11	20.53	68.67	31.88	27.56	14.30	24.96
5	24	486.29	258.88	29.40	83.67	32.91	26.55	15.31	39.57
6	16	498.18	282.61	32.19	67.74	38.64	28.62	14.32	34.06
7	14	439.11	264.98	29.81	84.15	15.21	23.08	7.79	24.13
8	6	426.19	211.55	28.31	66.13	52.06	13.63	16.28	38.23
9	12	543.44	279.88	35.74	112.54	39.99	44.58	17.44	13.27
10	1	570.69	313.93	14.11	159.44	32.80	19.45	6.70	24.26
11	1	626.34	341.50	94.91	94.68	72.85	6.75	-	15.65
12	3	842.14	486.32	80.43	152.94	54.00	25.58	14.60	28.27

welfare and gifts. Table VIII shows the summary of the cash expenses for family living by size of family groups. In general, the cost of family living increases with an increase in the size of the family, but does not increase in proportion to the increase in size of family. The increase is due largely to the increased cost of food and clothing. The cash costs of other items of family living tended to be about the same for the different size families as a group, but as is shown in table IX as the size of family increased there was a tendency for cost per person to decrease. Variations in the amount of goods produced on the farm and the purchase price of commodities that were purchased are factors that influence the cash cost of family living.

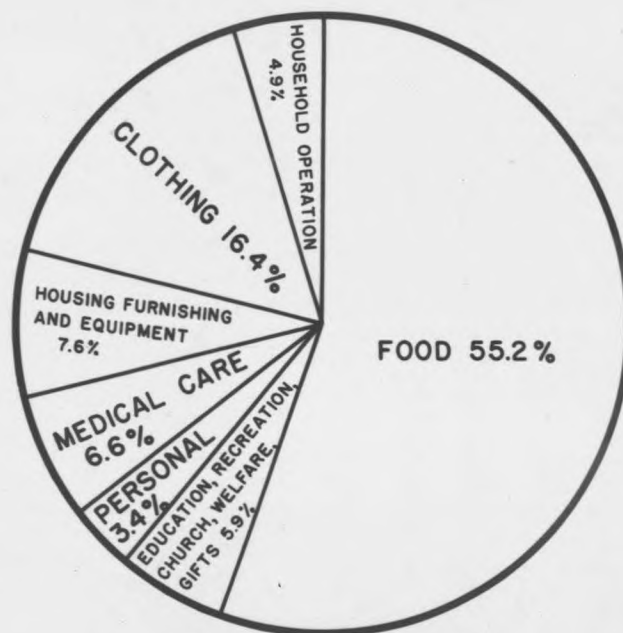
There was a general tendency for cash cost per person to decrease as the size of family increased (Table IX). This tendency was true for all items except clothing expenses.

Cash expenses for food were 54.7 per cent of the total expenses per family for all the clients (Table X). There was some variation by size of family groups of the per cent distribution of the cash expenses. There was a tendency for the per cent of the cash expenses per person for food and clothing to increase as the size of family increased. Food and clothing were the two largest items of expense.

The average total expense for family living by size of family groups was very close to the state budget (Table XI). However, in the distribution of the expenses there was considerable variation between the



ESTIMATED BUDGET



ACTUAL EXPENSES

Figure 3.--Comparison of the distribution of the Cash Cost of Family Living of Farm Security Clients in Montana - 1937 with the Estimated Budget, for the size family of 4 (See Table XII)

TABLE IX.--CASH EXPENSES FOR FAMILY LIVING OF SELECTED FARM SECURITY CLIENTS IN MONTANA
AVERAGE PER PERSON BY SIZE OF FAMILY GROUPS - 1937

Size of Family	Number of Families	Total Cash Ex- penses for Family Liv- ing	TOTAL CASH EXPENSES FOR--						
			Food	Household Operation	Clothing	Housing Furnish- ing and Equip- ment	Medical Care	Personal Expendi- tures	Education; Recreation; Church; Wel- fare; Gifts
All Fam- ilies(4.9)	163	\$ 88.01	\$ 48.14	\$ 5.95	\$ 14.45	\$ 6.36	\$ 5.09	\$ 2.69	\$ 5.33
1	1	192.36	49.00	39.00	104.36	-	-	-	-
2	19	145.51	79.19	15.54	18.91	8.18	13.23	4.66	5.80
3	31	121.66	65.73	8.80	17.06	10.24	6.43	4.43	8.77
4	35	104.75	57.78	5.13	17.17	7.27	6.89	3.57	6.24
5	24	97.25	51.78	5.88	16.73	6.58	5.31	3.06	7.91
6	16	83.03	47.10	5.36	11.29	6.44	4.77	2.39	5.68
7	14	62.73	37.85	4.26	12.02	2.17	1.87	1.11	3.45
8	6	53.27	26.44	3.54	8.27	6.51	1.69	2.04	4.78
9	12	60.41	31.10	3.97	12.50	4.45	4.97	1.95	1.47
10	1	67.07	31.39	1.41	15.94	3.28	1.95	.67	2.43
11	1	56.94	31.05	8.63	8.61	6.62	.61	-	1.42
12	3	70.18	40.53	6.70	12.74	4.50	2.13	1.22	2.36

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TABLE X.--PERCENTAGE DISTRIBUTION OF CASH EXPENSES FOR FAMILY LIVING OF
SELECTED FARM SECURITY CLIENTS IN MONTANA BY SIZE OF FAMILY GROUPS - 1937

(Based on Average Costs Per Family)

Size of Family	Number of Families	PERCENTAGE DISTRIBUTION						
		Food	Household Operation	Clothing	Housing Furnish- ing and Equip- ment	Medical Care	Personal Expendi- tures	Education; Recreation; Church; Wel- fare; Gifts
All Families (4.9)	163	54.7	6.8	16.4	7.2	5.8	3.1	6.0
1	1	25.5	20.3	54.2	-	-	-	-
2	19	54.4	10.7	13.0	5.6	9.1	3.2	4.0
3	51	54.0	7.2	14.0	8.6	5.4	3.6	7.2
4	35	55.2	4.9	16.4	7.6	6.6	3.4	5.9
5	24	53.2	6.0	17.2	6.8	5.5	3.2	8.1
6	16	56.7	6.5	13.6	7.8	5.7	2.9	6.6
7	14	60.3	6.8	19.1	3.5	3.0	1.8	5.5
8	6	49.6	6.7	15.5	12.2	3.2	3.8	9.0
9	12	51.5	6.6	20.7	7.4	8.2	3.2	2.4
10	1	55.0	2.5	27.9	5.7	3.4	1.2	4.3
11	1	54.5	15.2	15.1	11.6	1.1	-	2.5
12	3	57.7	9.6	18.2	6.4	3.0	1.7	3.4

TABLE XI.—COMPARISON OF STATE BUDGET OF THE CASH COST OF FAMILY LIVING FOR SELECTED FARM SECURITY CLIENTS IN MONTANA WITH THE ACTUAL CASH EXPENSES - 1937

Size of Family	CASH COST OF FAMILY LIVING	
	Estimated Budget for the State <u>1/</u>	Actual Average Total Cost from 162 Records
1	\$ 213.00	\$ 192.36
2	290.00	291.02
3	352.00	364.99
4	414.00	419.01
5	470.00	486.29
6	521.00	498.18
7	572.00	439.11
8	623.00	426.19
9	684.00	543.44
10	735.00	570.69
11	791.00	626.34
12	842.00	642.14

1/ Estimated by the Farm Security Administration.

estimates and the actual expenses (Table XII and Figure 3). The amount spent for food was twice the amount estimated. One explanation of this could be that the clients did not produce as much food on the farm as had been estimated. Expenses for medical care and for education, recreation, church, welfare and gifts were about the same as the estimates. The other items of expenses, household operation, housing, furnishings and equipment, and personal expenditures were over estimated in the budget.

Table XII also shows a comparison of the distribution of cash expenses for family living between farm security clients and farm families studied in 1929-30 by the Department of Home Economics of the Agricultural Experiment Station, Montana State College. 1/ It is noteworthy that the cash expenses for family living for the families studied in 1929-30 were over twice the amount spent by Farm Security Clients in 1937. However, it should be remembered that the families studied in 1929-30 were more successful and could not be considered typical of Farm Security Clients.

There was no indication from the records studied that the higher labor income groups enjoyed a higher level of living (Table XIII). 2/ It could be argued that the lower income groups usually have larger families

1/ Richardson, Jessie E. - The Quality of Living in Montana Farm Homes. Montana Experiment Station Bulletin No. 260.

2/ The higher labor income groups had more livestock on their farms and it is quite possible that a larger amount of the family living was furnished by the farm than that of the lower labor income groups, however, there is no evidence to support this assumption. For a definition of labor income see footnote on page 44.

than the higher income groups and that the total cash expenses for family living would naturally be higher. But, this is not true for the records studied as is shown in Table XIII, the average size of the families in the higher income groups were about the same as those in the lower income groups. These records indicate that the level of living of farm families is largely influenced by habits and customs of the community.

TABLE XII.--COMPARISON OF THE DISTRIBUTION OF THE CASH COST OF FAMILY LIVING OF SELECTED FARM SECURITY CLIENTS IN MONTANA IN 1937 WITH THE ESTIMATED BUDGET; AND WITH FARMERS' CASH COST OF FAMILY LIVING IN 1929-1930

Item of Expense	Estimated Budget for Average Size Family of 4, 1937 ^{1/}		Average Actual Cash Expenses for Average Size Family of 4 from 35 Records, 1937 ^{2/}		Average Actual Cash Expenses for Average Size Family of 4.5 from 40 Records, 1929-1930 ^{3/}	
	Amount	%	Amount	%	Amount	%
Total	\$414.00	100.00	\$419.01	100.00	\$1088.94	100.00
Food	115.00	27.8	231.11	55.2	341.37	31.3
Household Operation	70.00	16.9	20.53	4.9	137.54	14.5
Clothing	85.00	20.5	68.67	16.4	189.37	17.4
Housing, Furnishings and Equipment	69.00	16.7	31.88	7.6	114.79	10.5
Medical Care	50.00	7.3	27.56	6.6	110.91	10.2 ^{4/}
Personal	20.00	4.8	14.30	3.4		
Education, Recreation; Church; Welfare; Gifts	25.00	6.0	34.96	8.3	174.96	16.1

^{1/} Estimated by the Farm Security Administration

^{2/} These 35 records from Farm Security clients included only the families with 4 in the household.

^{3/} Richardson, Jessie E. - The Quality of Living in Montana Farm Homes - Montana Experiment Station Bulletin No. 260. These figures represent the average cash expenses for all families.

^{4/} The cash expenses for personal and medical care were shown together.

TABLE XIII.--VARIATION IN CASH COST OF FAMILY LIVING,
OF SELECTED FARM SECURITY CLIENTS IN MONTANA BY
LABOR INCOME GROUPS - 1937

(Average per Family)

Group	Number of Records	Labor Income		Cash Cost of Family Living	Size of Family
		Range	Average		
I	10	\$1,000 and over	\$1,495	\$563	5.6
II	10	500 - \$999	675	414	6.0
III	25	1 - 499	194	433	4.8
IV	29	0 - 499	-245	433	5.0
V	14	-500 - -999	-721	497	5.6
VI	9	-1,000 and over	-1,619	504	5.9

PART IV

Farm Organization on Farms Operated by
Selected Farm Security Clients in Montana, 1937

The farm organization varies with the general conditions and types of farming throughout the state. The limited number of records available for this analysis can do no more than show the organization on the farms studied and indicate, in a broad way, the general conditions in the state under which Farm Security Clients operated in 1937.

There were only 97 complete farm records available for this analysis. The cash receipts and expenses were obtained from the actual records of the clients while all inventories and acres and yields of crops were obtained from the Farm Plans prepared by the County Rehabilitation supervisors.

Acres in Farm

The average size farm operated by the clients studied was 743 acres (Table XIV). This is somewhat smaller than the average size farm of 940 acres reported by all farmers in the state in the 1935 Agricultural Census. We shall also see from the analysis of rural relief clients in Dawson County that the farms operated by relief clients are smaller than the average size farm.

The clients in type-of-farming Areas VIII, III, and VII reported the larger farms. The clients in Area IX reported the smaller farms averaging only 110 acres.

The average acres in pasture was 459 and the total crop land was 259 acres. There was more variation in the acres in pasture by type-of-

TABLE XIV.--ACRES IN FARM, ACRES IN PASTURE, TOTAL CROPLAND AND
ACRES IN WHEAT AND WHEAT YIELDS PER ACRE,
FOR SELECTED FARM SECURITY CLIENTS - 1937

(Average per Farm for State and Type-of-Farming Areas)

State and Type-of- Farming Area	Number of Records	Total Acres in Farm	Acres in Pasture	Total Crop Acres	Acres in Wheat	Wheat Yield Per Acre Bushels
State	97	743	459	239	73	4.9
Area I	15	965	717	238	87	1.5
II	22	496	292	206	41	15.2
III	9	1078	811	258	74	3.1
IV	4	640	235	398	109	-
V	-	-	-	-	-	-
VI	8	645	416	222	60	4.8
VII	10	1071	576	439	186	2.7
VIII	6	1534	1098	391	123	1.6
IX	13	110	60	48	8	11.5

farming areas than there was in total cropland. The clients in Area VIII reported an average acreage in pasture as 1,098 acres, the largest reported by any area. The clients in Area VII reported an average of 459 crop acres being nearly twice the average acres reported by all the clients.

The variations in size of farm by tenure classes within the type-of-farming areas is shown in Appendix C. The records do not indicate any definite tendency of relationships existing between the tenure classes.

Acres in Wheat and Wheat Yields

The average acres in wheat reported by all the clients studied was only 73 acres and the average yield per acre was 4.9 bushels. The largest average acreages of wheat reported by clients in any area was 186 acres for Area VII. The smallest acreage reported by any area was only 8 acres for Area IX. The largest average yield per acre was 15.2 bushels obtained by clients in Area II. The clients in Area VIII reported the smallest average yield per acre of only 1.6 bushels.

Possession of Livestock

The average investment in livestock for all clients studied was \$833. (Table XV). In terms of animal units the average increase from January 1, 1937 to January 1, 1939 was .62. ^{1/} Expressed in terms of mature equivalents the average numbers of livestock reported by all clients were: 4 horses, 10 cattle, 65 chickens, 2 turkeys, 2 hogs and 7 sheep.

^{1/} One animal unit equals one mature horse or cow, four calves, two yearling heifers, steers or colts, five market hogs, eight sheats, one sow with pigs, four sows, seven sheep, fourteen lambs, fifty turkeys or one hundred hens.

TABLE XV.--NET CHANGE IN TOTAL ANIMAL UNITS, AVERAGE VALUE OF ALL LIVESTOCK,
AND NUMBERS OF PRINCIPAL KINDS OF LIVESTOCK FOR SELECTED FARM SECURITY CLIENTS IN MONTANA - 1937

(Average per Farm for State and Type-of-Farming Areas)

State and Type-of- Farming Area	Number of Records	Net Change in Tot. Ani- mal Units during the Year	Average value of all live- stock	Number of Livestock (Mature Equivalent)					
				Horses	Cattle	Chickens	Turkeys	Hogs	Sheep
State	97	+ .62	\$ 838	4	10	65	2	2	7
Area I	18	+1.10	984	4	11	47	3	1	11
II	32	- .24	894	4	9	49	4	2	11
III	9	-5.68	867	3	14	43	3	1	<u>1/</u>
IV	4	-2.00	298	3	3	18	-	<u>1/</u>	-
V	-	-	-	-	-	-	-	-	-
VI	8	+7.38	867	3	10	82	<u>1/</u>	1	12
VII	10	+ .38	372	2	6	47	1	1	-
VIII	6	+3.23	1653	7	24	121	2	2	-
IX	13	+ .59	604	2	7	136	2	2	3

1/ Less than .5

The average investment in livestock by clients in Area VIII was \$1,653 and was the largest reported for any area. The smallest average investment in livestock was reported by clients in Area IV and was only \$298. The average numbers of livestock reported from Area IV were 3 horses, 3 cows and 18 chickens.

The variations in numbers of principal kinds of livestock and investments in livestock by tenure classes within the type-of-farming areas are shown in Appendix D.

The importance of livestock in the farm organization and their relation to the success of the farm operator in Montana will be discussed later.

PART V

Financial Summary of Farm Business and
Factors Associated with Labor Income

The success of any business enterprise whether it is farming, banking, manufacturing, merchandising or any other, is judged by its ability to produce an income to the operator. Total cash receipts or net cash receipts from farming are indications of what the operator receives for his labor, but there are also other important considerations to be made. The operator could increase his cash receipts by decreasing his inventory, or, on the other hand, he might during the year accumulate capital stock which should be considered as an income. Inventory increases must be added to the net cash receipts and inventory decreases must be subtracted to obtain the returns to labor and capital. The charge for the use of capital is determined by the going rate of interest, 5 per cent in this case, and is computed on the average total investment. The interest on investment is subtracted from the returns to capital and labor and the remainder is labor income. ^{1/} Labor income can be used to determine the financial

^{1/} Labor income usually refers to the operators labor earnings only. It is computed by first adding together the cash farm receipts, farm perquisites, and any increase in net farm capital; from this total is deducted the sum of cash farm expenses, any decrease in net farm capital, cost of boarding hired labor, a charge for the use of net farm capital figured at 5 per cent, and a charge for the services of unpaid family labor other than the operators. The value of the farm perquisites was not available for the farms included in this study and neither was there any expenses deducted for the cost of boarding hired labor, or a charge for the services of unpaid family labor. Labor income, as used here, represents the labor earnings of the operators as well as that of other members of the family who worked on the farm, exclusive of the value of goods furnished by the farm.

success of the farm organization. Where the returns to capital and labor are smaller than the charge for the use of capital, labor income will be a minus quantity.

The financial summary of the farm business by type-of-farming areas is shown in Table XVI. The average total farm receipts for all the clients studied was \$821. Total cash farm expenses averaged \$889, leaving a net loss of \$68. The \$155 net increase in farm capital when added to this amount gives an average return to capital and labor of \$87. Interest charges of \$155 deducted from \$87 leaves a minus \$68 labor income.

Net cash receipts were higher in area VIII averaging \$119 and were lowest in area VI averaging a minus \$203. Only three areas, III, VIII and IX had positive net cash receipts. Most of the clients studied had a net increase in farm capital, the largest average net increase being in area VI of \$683. Areas IV and VIII were the only areas having a net decrease in farm capital with \$114 and \$46 average decrease respectively. The average returns to capital and labor were highest in area VI, \$479, and lowest in Area IV being a minus \$316. Only three areas had a positive average labor income, areas I, III and VI with \$5, \$57 and \$384 respectively.

The financial summary of the farm business by tenure classes is shown in Appendix E.

The range in labor income of the individual operators was from \$2,212 to a minus \$2303 (See Figure 5). Ten operators had a labor income of more than \$1,000; ten with labor incomes from \$500 to \$999; twenty-five

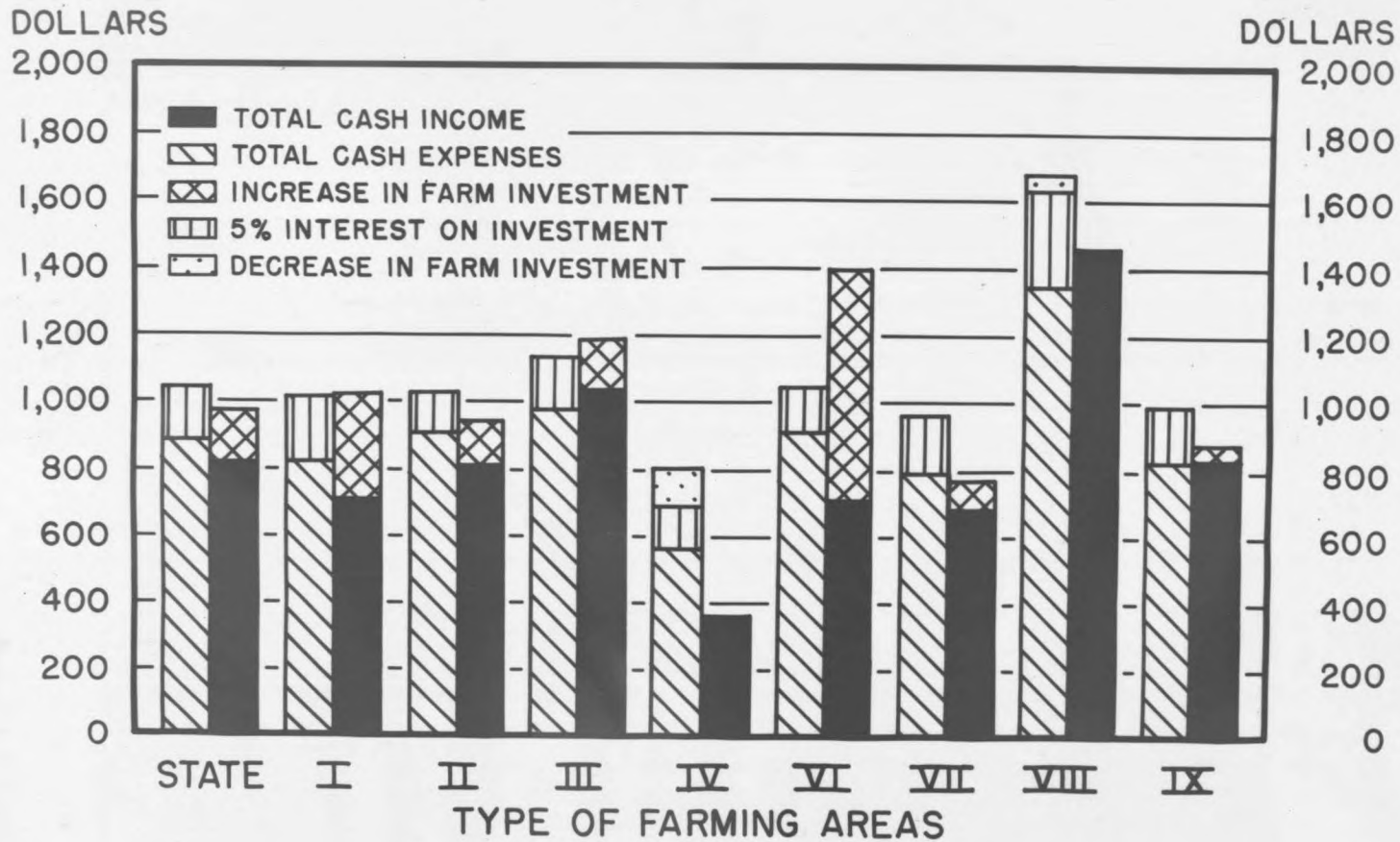


Figure 4.--Financial Summary of the Farm Business of Farm Security Clients in Montana, Average Per Farm - 1937

TABLE XVI.--FINANCIAL SUMMARY OF THE FARM BUSINESS OF 97 SELECTED FARM SECURITY CLIENTS
IN MONTANA, AVERAGE PER FARM FOR STATE AND TYPE OF FARMING AREAS - 1937

State and Type-of- Farming Areas	No. of Rec- ords	Average Total Farm In- vestment (\$)	Net Change in Farm In- ventory dur- ing the Yr. (\$)	Total Cash Farm Re- ceipts (\$)	Total Cash Farm Ex- penses (\$)	Net Cash Re- ceipts (\$)	Returns to Cap- ital & Labor (\$)	Int. @ 5% on Invest- ment (\$)	Labor In- come (\$)
State	97	3091	/155	821	889	- 68	/ 87	155	- 68
Area I	15	3815	/312	710	826	-116	/196	191	/ 5
II	32	2188	/138	812	915	-103	/ 32	109	- 77
III	9	3102	/158	1034	980	/ 54	/212	155	/ 57
IV	4	2495	-114	369	571	-202	-316	125	-441
V	-	-	-	-	-	-	-	-	-
VI	8	2621	/683	716	919	-203	/479	131	/384
VII	10	3549	/ 89	686	794	-108	- 19	177	-196
VIII	6	5817	- 46	1464	1345	/119	/ 73	291	-218
IX	13	3469	/ 36	837	823	/ 14	/ 50	173	-123

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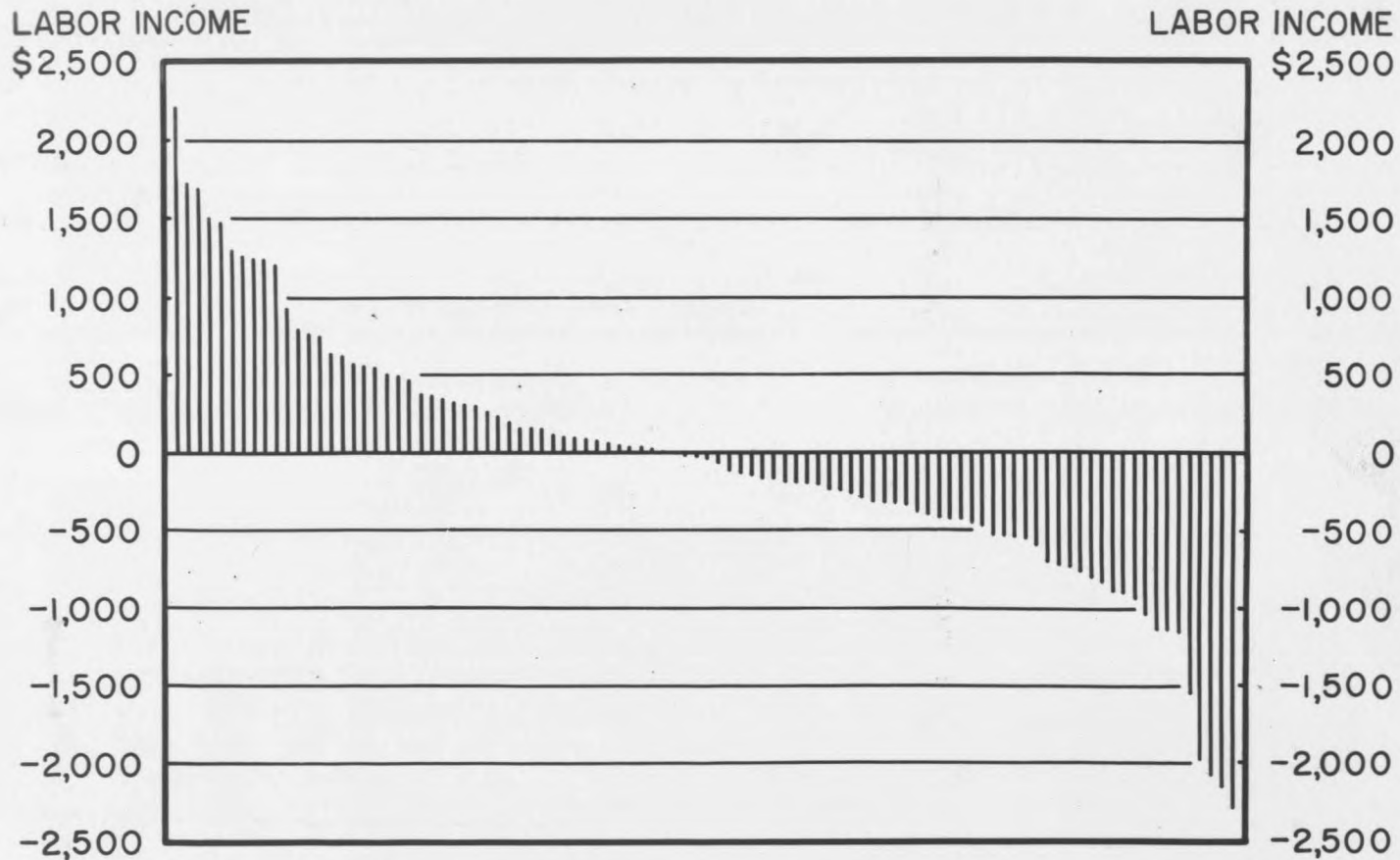


Figure 5.--Labor Income from Farm Business of 97 Farm Security Clients in Montana - 1937

in the \$1 to \$499 group, twenty-nine in the \$0 to minus \$499 group, fourteen in the minus \$500 to minus \$999, and nine with labor incomes of minus \$1,000 and less.

The important factors shown in Table XVII are that the farmers having the largest labor incomes, operate the largest farms, having more acres in pasture and in crops. The most profitable farms also have the largest wheat yields and more animal units per farm. The tendency was for wheat yields to be smaller on the farms having the smallest labor income. The most profitable group of farms had an average wheat yield of 13.4 bushels per acre, while the least profitable had an average yield of 1.9 bushels per acre. The most profitable farms had 29.32 animal units per farm and the least profitable had only 11.72. There was a tendency as the labor income increased from zero for the average size of the farm and the acres in wheat to be greater and as labor income decreased from zero or increased in a minus quantity the size of farm and acres in wheat, also increased. The fact that the farms showing the largest losses were larger in acreage than the groups making small incomes is significant and yet easily explainable. When the farm income is insufficient to meet expenses, either because of poor management or inescapable loss from natural causes, the larger the farm business the larger the loss is likely to be. The larger than average farms were more profitable but they also had the possibility of larger losses in event of crop failure or other disasters.

The classification of farms by size and income illustrates further that small farms tend to have small labor incomes or small minus labor

TABLE XVII.--FACTORS ASSOCIATED WITH LABOR INCOME OF
97 SELECTED FARM SECURITY CLIENTS IN MONTANA - 1937

(Average per farm)

Group	Number of Records	Labor Income		Total Acres in Farm	Acres in Pasture	Acres in Crops	Acres in Wheat	Wheat Yield Per Acre Bushels	Total Animal Units
		Range	Average						
I	10	\$1,000 & over	\$1,495	1,758	1,405	396	94	13.4	29.32
II	10	500 - 999	675	745	504	234	74	6.5	16.24
III	25	1 - 499	194	528	345	167	40	5.7	14.74
IV	29	0 - 499	-245	555	335	199	57	2.9	13.11
V	14	-500 - -999	-721	528	200	311	97	3.0	11.93
VI	9	-1000 and less	-1619	778	472	299	141	1.9	11.72

incomes while more of the larger farms have large labor incomes there are also more having large minus labor incomes (Table XVIII).

We might turn the picture around and look at the farm organization and labor income as related to the size of the farm (Table XIX). The 140 to 179 acre farms had the largest per cent of the land in crops. Acres in wheat increased as the size of farm increased. Wheat yields were higher on the small farms and lowest on the farms in the 160 to 339 acre group. Labor income was largest on the farms of more than 1,000 acres, the farms less than 60 acres had the next largest labor income and those from 60 to 99 acres ranked third. The farms ranging from 100 to 1,000 acres in size averaged a minus labor income, the group from 100 to 139 acres had the largest minus income of \$386 per farm.

Variations in size of business are usually closely associated with variations in the efficiency of utilization of labor and overhead investment. Larger than average farms are usually more efficient in operation than smaller farms. One difficulty encountered in using acres in farms as an indication of size is that all land is not the same quality and is not operated under the same conditions. An irrigated farm of 80 acres might be a much larger farm business from the standpoint of investment and labor requirements than a much larger dry land farm.

It is significant to note that the group receiving the lowest labor incomes also received smaller grants on the average than did the other income groups, (Table XX). The clients having a labor income of

TABLE XVIII.--DISTRIBUTION OF 97 SELECTED FARM SECURITY CLIENTS IN MONTANA
CLASSIFIED BY SIZE OF FARM AND LABOR INCOME FROM FARM OPERATIONS
1937

Size of Farms (Acres)	Total No. of Farms	Number of Farms in Specified Labor Income Groups					
		\$1,000 & over	\$500 - 999	\$1 - 499	\$0 - -499	-\$500 - -999	-\$1,000 and less
All Farms	97	10	10	25	29	14	9
Less than 60	2	-	-	1	1	-	-
60 - 99	12	2	2	4	1	2	1
100-139	4	-	-	1	1	2	-
140-179	16	-	3	3	7	2	1
180-339	6	-	-	1	4	1	-
340-499	8	1	-	5	2	1	1
500-999	28	2	1	9	8	4	4
1,000 & over	21	5	4	3	5	2	2

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TABLE XIX.--FARM ORGANIZATION FACTORS AND LABOR INCOME AS RELATED TO SIZE OF FARM
FOR SELECTED FARM SECURITY CLIENTS IN MONTANA - 1937

(Average per Farm)

Group	Number of Records	Size of Farm (Acres)		Pasture Land		Crop Land		Wheat		Total Animal Units	Labor Income (Dollars)
		Range	Average	Acres	Per cent of total	Acres	Per cent of total	Acres	Yield		
I	2	Less than 60	35	29	82.8	6	17.2	-	-	8.89	142
II	12	60 - 99	81	23	28.4	54	66.7	6	24.3	11.80	124
III	4	100 - 139	122	55	45.1	62	49.6	11	10.0	11.06	-386
IV	15	140 - 179	160	45	28.1	110	68.8	21	9.4	13.69	-161
V	6	180 - 339	315	146	46.3	161	51.1	60	.4	10.20	-174
VI	8	340 - 499	452	245	54.2	190	42.0	73	14.0	11.04	-159
VII	23	500 - 999	694	406	58.5	299	43.1	97	4.4	13.76	-200
VIII	21	1,000 & over	1872	1382	73.8	476	25.4	136	3.0	24.77	4225

more than \$1,000 received on an average \$72.00 in grants. The \$500 to \$999 labor income group received the largest amount in grants averaging \$176. The relationship between labor income and grants seems opposite to what it should have been. It is true that increase in farm inventories may have been largely responsible for the larger labor incomes but farmers who had labor incomes greater than \$500 at least had the security to offer for subsistence loans rather than be given subsistence grants. It is evident that there was not an equitable distribution of grants on the basis of family needs.

It is noteworthy that the group receiving the largest labor incomes repaid a larger per cent of their rehabilitation loans than the groups with lower labor incomes (Table XXI). There was a general tendency as the labor incomes decreased for the per cent of the repayments on resettlement loans to decrease. However, the group having the lowest labor incomes repaid a larger per cent of their loans than did the average of all clients. This group also had the largest average investment in farm property and the resettlement loans represented a smaller per cent of the value of the property. The total resettlement loans does not represent the total liabilities of all the clients. No doubt many of the clients have other bills outstanding such as delinquent taxes, grocery bills, and emergency feed and seed loans that were made before the resettlement program went into effect. It is also quite probable that many of the owner-operators and part owners have real estate mortgages with agencies other

TABLE XX.--AVERAGE AMOUNT OF RURAL REHABILITATION GRANTS RECEIVED
PER FAMILY BY LABOR INCOME GROUPS FOR 97
SELECTED FARM SECURITY CLIENTS IN MONTANA - 1937

Group	Number of Records	Labor Income		Rural Rehabilitation Grants
		Range	Average	
I	10	\$1,000 & over	\$1495	\$ 72
II	10	\$ 500 - 999	675	176
III	25	1 - 499	194	160
IV	29	0 - 499	-245	137
V	14	-500 - -999	-721	136
VI	9	-1000 and less	-1619	127

TABLE XXI.--RELATIONSHIP OF LABOR INCOME TO REHABILITATION LOANS
OF SELECTED FARM SECURITY CLIENTS IN MONTANA - 1937

(Average per Farm)

Group	Number of Records	Labor Income		Total Money Advanced Through Re- habilitation Loans	Total Re- payments on Rehabi- litation Loans	Per cent Repayments are of Total Loans	Average Value of Farm Prop- erty	% Rehabili- tation Loans are of Total Value of Farm Property
		Range	Average					
I	10	\$1,000 & over	\$1495	\$1944	\$445	22.9	\$4207	46.2
II	10	500 - 999	675	1563	300	19.2	3776	41.4
III	23	1 - 499	194	1171	204	17.4	2378	49.2
IV	29	0 - 499	-245	1655	215	13.0	2165	76.4
V	14	-500 - 999	-721	2004	263	14.1	3142	63.8
VI	9	-1000 & less	-1619	1664	348	20.9	6345	26.2

than the Farm Security Administration.

The relationships of labor income to rehabilitation loans presented in Table XXI are significant, not because they show to what extent the variations in labor income are associated with variations in resettlement loans, but that variations are present.

PART VI

The Farm Record, Its Use and
What It Should Contain

Nearly all farmers keep some kind of records, but very few farmers keep a complete set of records. The extent of some of these records is the recording on the side of the barn, of breeding dates of livestock or marking on the calendar the date a hen is to hatch. Some farmers keep a record of cash expenses and receipts and others keep only a record of what they owe or what others owe them.

The amount of details desirable for a farmer to keep in his records should be governed for the most part by what he wants to know about his business. This naturally presents the question: What should a farmer know about his business? "Accounting is but a tool of management, made to serve management". ^{1/} If this tool is to be of its greatest use it should do two things: First, it should show what the profits and losses are and where they come from; Second, it should show the details of the losses and why they occur. If the record is to reveal these two objectives it must contain four things:

1. An inventory at the beginning of the year which shows the value of real estate, machinery, livestock, feeds, crops, and supplies on hand.
2. All farm receipts for the year.
3. All farm expenses for the year.

^{1/} Winkler, M. M. - Farm Accounting from the viewpoint of the Farm Manager, Journal of the American Society of Farm Managers and Rural Appraisers Volume II, Number 1, April 1936.

4. An inventory at the close of the year which shows the value of real estate, machinery, livestock, feeds, crops, and supplies on hand.

An accounting plan to give this information is not hard to maintain or difficult to understand. Many farmers carry on a great deal of accounting detail as a matter of habit and for no purpose and without objective. Then, when detail is given an objective, the clerical work is often reduced because of the elimination of non-essentials and duplications. Thus, it is often found that the actual work required to show facts in the proper manner is less than was required to show meaningless balances.

Farm accounting goes beyond the mere recording of the inventories at the beginning and end of the year and the recording of expenses and receipts in their proper places. There must be a careful analysis made of the record to show the manager what he wishes to know about the farm.

The following reasons have been given for farmers keeping records. 1/

1. To determine the degree of profit that the business is making.
2. To suggest ways of increasing profits.
3. To provide an argument when soliciting loans.
4. To determine the details of farm investment, receipts, expenses, and net income.
5. To determine the net returns from individual farm enterprises for the purpose of detecting losses or indicating sources of greatest profit.

1/ Adams, R. L. Farm Management. First edition page 338.

6. To furnish a memorandum of bills owed by or to the farm.
7. To provide a written record of operations for future guidance.
8. To furnish specific information, as the amount of feed fed to livestock, amount of production and efficiency of methods used in production.

The successful farm manager is not only interested in his individual farm business but he is also interested in other farm businesses in his county and community, for by comparing his profits and his organization with the profits and organization of other farms, he is able to discover his weaknesses and strong points and will be guided to the combination of productive factors that will give him the greatest profits. For this reason it is very desirable to have all farmers use a standardized system of accounting. This facilitates analysis and comparison of the records. In order that each record will be on a comparable basis they should all cover a complete year's transactions. Farmers should be careful to follow all detail instructions listed in whatever kind of record is chosen for use. The analysis should be entrusted to someone experienced and familiar with the work.

Every farmer who has been asked to prepare a farm plan and every farmer who has been asked to provide production records for crops and livestock, has undoubtedly realized some of the advantages of farm records. Rehabilitation supervisors perhaps realize the value of good farm records more than anyone else. Good records are essential to the

Farm Security Administration if it is to make the supervised farm plans effective. The supervisory capacity of the rehabilitation supervisor puts him in the position of a farm manager and as such he should be fully qualified to instruct farmers as to the proper method of keeping farm accounts. He should also be able to make a complete analysis of the farm records and interpret his findings to the farmers and guide them to the most profitable combination of their productive resources.

Many Farm Security clients have been required to keep records that have been of little value to them. The objectives of keeping a record should be fully understood and when the objectives are accomplished in the final analysis, the clients will be more eager and more enthusiastic about keeping a good farm record.

The best single method of locating farmers who have managerial ability, or those who do not, is through good farm business records, accurately and conscientiously kept and analyzed.

PART VII

Rural Families On Relief In
Dawson County, Montana

The analysis of Dawson County includes 492 rural families on relief in 1937. The information contained in this analysis was supplied by the relief clients when they made application for relief. All of the clients are grant cases. The purpose of presenting this material is to describe the characteristic of rural relief families and to reveal some of the prevailing conditions among rural relief families that was not shown in other parts of this thesis.

Of the 492 cases studied, 230 were owners, 100 were tenants, 138 were classified as share croppers, 1/ and 24 farm laborers.

The 1935 Census of Agriculture shows the total number of farms in Dawson County as 1,018 in 1930 and 1,017 in 1935 which indicates a very stable condition insofar as the number of farms are concerned. Assuming then that there were approximately the same number of farms in 1937 as there were in 1935, this analysis includes 46 per cent of the farm operators in the county. Of the 330 tenants and share croppers reported in 1935, this analysis represents 72 per cent, and 33 per cent of the owners are represented.

1/ The term "share cropper" as used here, although not fully explained, differs from the usual meaning and distinction made between share croppers and tenants in the South. It is believed that the distinction implied here is that tenant refers to cash tenants while share croppers refer to share tenants.

TABLE XXII.--AVERAGE NUMBER OF YEARS IN COUNTY, AND NUMBER AND PER CENT OF CLIENTS IN COUNTY BY SPECIFIED NUMBER OF YEARS BY TENURE CLASSES, DAWSON COUNTY - 1937

Tenure Classes	Total Number Reporting	Average Number Years In County	Number and Per Cent of Clients in County Specified Number of Years.							
			Less Than 5	5-9	10-14	15-19	20-24	25-29	30-39	40 & Over
All clients										
Number	492	21.0	23	57	40	28	125	167	47	5
Per Cent	100	xx	4.7	11.6	8.1	5.7	25.4	33.9	9.6	1.0
Owners										
Number	230	23.2	3	15	12	15	61	93	29	4
Per Cent	100	xx	1.3	6.5	5.2	5.7	26.5	40.4	12.6	1.8
Tenants										
Number	100	19.0	10	19	9	5	19	27	10	1
Per Cent	100	xx	10.0	19.0	9.0	5.0	19.0	27.0	10.0	1.0
Share Croppers										
Number	138	19.4	7	20	16	8	37	42	8	-
Per Cent	100	xx	5.1	14.5	11.6	5.8	26.8	30.4	5.8	-
Farm Laborers										
Number	24	16.8	3	5	3	2	8	5	-	-
Per Cent	100	xx	12.5	12.5	12.5	8.3	33.4	20.8	-	-

Length of Residence in County

For the heads of households reporting, the average length of residence in the county was 21 years. (Table XXII). About 45 per cent had lived in the county for more than 24 years and 70 per cent 20 or more years. Less than 5 per cent had lived in the county for less than 5 years. The average length of residence of the owners were 4 years longer than the tenants and share croppers while the share croppers and tenants average length of residence in the county was more than 2 years longer than the average residence of the farm laborers. This difference was naturally expected since there was a corresponding difference in the average ages of these tenure classes. (Table XXIV).

Preponderance of Male Heads of Households

More than 97 per cent of the heads of households were male. There were more female heads among the owners than there were in any other tenure class (See Table XXIII). There was only one female head out of the 138 share croppers and there were no female heads in the tenants or farm labor classes.

Undoubtedly, the presence or absence of a male head would be an influential factor in determining the policy of Farm Security Administration toward an individual family.

Age of Heads of Households

Heads of households were middle-aged, averaging 43.7 years for all clients (Table XXIV). The owners averaged 47.8 years compared with

TABLE XXIII.--HEADS OF HOUSEHOLDS OF RURAL RELIEF
CLIENTS CLASSIFIED BY SEX AND TENURE,
DAWSON COUNTY - 1937

Tenure Class	Heads of Household					
	Number			Per Cent		
	Both Sex	Male	Female	Both Sex	Male	Female
All Clients	492	469	13	100	97.4	2.6
Owners	230	218	12	100	94.8	5.2
Tenants	100	100	-	100	100	-
Share Croppers	138	137	1	100	99.3	.7
Farm Laborers	24	24	-	100	100	-

TABLE XXIV.--AVERAGE AGE AND NUMBER AND PER CENT OF HEADS OF HOUSEHOLDS
IN EACH AGE GROUP, AMONG RELIEF CLIENTS, BY TENURE CLASSES,
DANSON COUNTY - 1937

Tenure Classes	Total Number Reporting	Average Age of Head (in years)	Number and Per Cent of Heads in Each Age Group						
			20-24	25-29	30-34	35-44	45-54	55-64	65 & Over
All Clients									
Number	492	43.7	29	49	52	120	148	92	2
Per cent	100	xx	5.8	10.0	10.6	24.4	30.1	18.7	.4
Owners									
Number	230	47.8	2	8	17	51	91	59	2
Per cent	100	xx	.9	3.5	7.4	22.2	39.5	25.6	.9
Tenants									
Number	100	41.5	11	11	7	32	21	18	-
Per cent	100	xx	11.0	11.0	7.0	32.0	21.0	18.0	-
Share Croopers									
Number	138	38.7	11	28	24	27	35	13	-
Per cent	100	xx	8.0	20.3	17.4	19.5	25.4	9.4	-
Farm Laborers									
Number	24	35.5	5	2	4	10	1	2	-
Per cent	100	xx	20.8	8.3	16.7	41.7	4.2	8.3	-

41.5 for the tenants, 38.7 for the share croppers and 35.5 for the farm laborers.

It is noteworthy that the largest proportion of the heads, 39.5 per cent, of the owners were in the age groups comprising 45-54 years. The largest portion of the heads in the tenants and farm laborers classes were in the 35-44 years age group. The farm laborers have a larger proportion of its heads less than 25 years old than any other tenure class. The only tenure class having heads 65 years of age or older was the owners and less than 1 per cent were in this group.

Size of Household

The average size family was 4.2 persons (Table XXV). The largest proportion of the clients, 20.5 per cent, had a size family of 4. There were 38.5 per cent of the clients with families smaller than 4 and 41.2 per cent with families larger than 4.

The average size family of the owners was slightly larger than the average size family of the other tenure groups. About 21 per cent of the farm laborers had only 2 in the family and 12.5 per cent had only one.

Educational Attainments

The greater per cent of the heads of households, 46.5, completed the eighth grade in school. Only 4.7 per cent finished high school with an additional 2 per cent pursuing a high education. Less than one per cent finished four years in college (Table XXVI). The per cent reporting no formal schooling was 3.6.

TABLE XXV.--AVERAGE SIZE OF HOUSEHOLD AND NUMBER AND PER CENT OF FAMILIES
IN EACH SIZE GROUP, AMONG RELIEF CLIENTS, BY TENURE CLASSES
DANSON COUNTY, 1937

Tenure Class	Total No. Reporting	Average Size in Persons	Number and Per Cent of Families in Each Size Group												
			1	2	3	4	5	6	7	8	9	10	11	12	13
All Clients															
Number	492	4.2	28	80	80	101	78	41	36	17	18	5	5	--	3
Per Cent	100	xx	5.7	16.3	16.3	20.5	15.8	8.3	7.3	3.5	3.7	1.0	1.0	--	.6
Owners															
Number	230	4.6	13	36	37	42	34	25	16	9	8	3	4	--	3
Per Cent	100	xx	5.6	15.6	16.1	18.3	14.8	10.9	7.0	3.9	3.5	1.3	1.7	--	1.3
Tenants															
Number	100	4.5	9	12	15	17	16	11	11	3	3	2	1	--	--
Per Cent	100	xx	9.0	12.0	15.0	17.0	16.0	11.0	11.0	3.0	3.0	2.0	1.0	--	--
Share Cropper															
Number	138	4.1	3	27	25	38	21	5	8	4	7	--	--	--	--
Per Cent	100	xx	2.2	19.6	18.1	27.5	15.2	3.6	5.8	3.0	5.0	--	--	--	--
Farm Laborers															
Number	24	3.7	3	5	3	4	7	--	1	1	--	--	--	--	--
Per Cent	100	xx	12.5	20.8	12.5	16.6	29.2	--	4.2	4.2	--	--	--	--	--

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TABLE XXVI.--FORMAL SCHOOLING OF HEADS OF HOUSEHOLD
 AMONG RURAL RELIEF CLIENTS, BY TENURE CLASSES,
 DAKOTA COUNTY - 1937

Grade Finished in School	NUMBER					PER CENT				
	All Clients	Owners	Tenants	Share Crop- pers	Farm Labor- ers	All Clients	Owners	Tenants	Share Crop- pers	Farm Labor- ers
Total Reporting	492	230	100	138	24	100	100	100	100	100
No Formal School- ing	18	8	4	5	1	3.6	3.5	4.0	3.6	4.2
1st	-	-	-	-	-	-	-	-	-	-
2nd	4	3	-	-	1	.8	1.3	-	-	4.2
3rd	19	12	3	4	-	3.8	5.2	3.0	2.9	-
4th	28	17	5	5	1	5.0	7.4	5.0	3.6	4.2
5th	30	17	6	6	1	6.1	7.4	6.0	4.4	4.2
6th	39	17	9	10	3	7.9	7.4	9.0	7.3	12.5
7th	60	22	19	16	3	12.2	9.6	19.0	11.6	12.5
8th	229	104	45	72	8	46.5	45.2	45.0	52.2	33.3
1st year H. S.	14	10	1	3	-	2.8	4.3	1.0	2.2	-
2nd year H. S.	12	2	3	5	2	2.4	.9	3.0	3.6	8.3
3rd year H. S.	6	3	-	2	1	1.2	1.3	-	1.4	4.2
4th year H. S.	23	7	4	9	3	4.7	3.0	4.0	6.5	12.5
Business College	2	2	-	-	-	.4	.9	-	-	-
1st year College	1	-	1	-	-	.2	-	1.0	-	-
2nd year College	3	2	-	1	-	.6	.9	-	.7	-
4th year College	4	4	-	-	-	.8	1.7	-	-	-

There was very little difference in the educational attainment of heads of households within the different tenure classes. A slightly larger per cent of the owners had attained a higher grade in school than the heads in the other tenure classes.

The clients, with higher educational attainments should be more capable of managing capital advances than the clients with only a small amount of formal schooling.

Number of Years On Relief

The greatest proportion of the families, 32.7 per cent reported being on relief 4 years. The average number of years on relief for all clients was 3.3 (Table XIVII). The average for the farm laborers, 3.6 years, was slightly more than the average of the other tenure classes.

Some of the families reported being on relief before the present relief program became effective. The fact that 51.4 per cent of all the clients reported being on relief for 4 or more years indicates that they have made very slow, if any, progress toward attaining a self supporting status.

Condition of Buildings

The clients were asked to report the condition of the buildings as good, fair or poor. The majority of the clients, 56.9 per cent, reported the condition of the buildings as fair; 17.9 per cent reported having good buildings, and 20.9 per cent reported poor buildings, while 4.3 per cent did

TABLE XXVII.--AVERAGE NUMBER YEARS ON RELIEF AND NUMBER AND PER CENT OF CLIENTS ON RELIEF FOR SPECIFIED NUMBER OF YEARS, BY TENURE CLASSES, DAWSON COUNTY - 1937

Tenure Class	Total Number Reporting	Average Number of Years on Relief	Number and Per cent of Clients on Relief Specified Number of Years							
			1	2	3	4	5	6	7	8
All Clients										
Number	492	3.3	83	114	42	161	45	24	21	2
Per Cent	100	xx	16.9	23.2	8.5	32.7	9.1	4.9	4.3	.4
Owners										
Number	230	3.1	47	58	11	77	16	11	10	-
Per Cent	100	xx	20.4	25.2	4.8	33.5	7.0	4.8	4.3	-
Tenants										
Number	100	3.4	10	26	11	35	7	5	5	1
Per Cent	100	xx	10.0	26.0	11.0	35.0	7.0	5.0	5.0	1.0
Share Croppers										
Number	138	3.4	21	24	17	45	19	8	4	-
Per Cent	100	xx	15.2	17.4	12.3	32.6	13.8	5.8	2.9	-
Farm Laborers										
Number	24	3.6	5	6	3	4	3	-	2	1
Per Cent	100	xx	20.8	25.0	12.5	16.7	12.5	-	8.3	4.2

TABLE XXVIII.--CONDITION OF BUILDINGS AS REPORTED BY
RURAL RELIEF CLIENTS, BY TENURE CLASSES
DARSON COUNTY, 1937

Tenure Class	Total Number of Farms	No. of Clients Reporting Condition of House				Per Cent Reporting Condition of House			
		Good	Fair	Poor	Not re- porting	Good	Fair	Poor	Not re- porting
All Clients	492	88	280	103	21	17.9	56.9	20.9	4.3
Owners	230	49	144	35	2	21.3	62.6	15.2	.9
Tenants	100	20	45	35	-	20.0	45.0	35.0	-
Share Cropper	138	18	89	29	2	13.1	64.5	21.0	1.4
Farm Laborers	24	1	2	4	17	4.2	8.3	16.7	70.8

TABLE XXIX.--NUMBER AND PER CENT OF RURAL RELIEF CLIENTS REPORTING
ADEQUATE HOUSEHOLD EQUIPMENT BY TENURE CLASSES
DARSON COUNTY, 1937

Tenure Class	Total No. of Farms	Number			Per Cent		
		Yes	No	Not re- porting	Yes	No	Not re- porting
All Clients	492	392	91	9	79.7	18.5	1.8
Owners	230	191	39	-	83.0	17.0	-
Tenants	100	85	15	-	85.0	15.0	-
Share Cropper	138	105	31	2	76.0	22.5	1.5
Farm Laborers	24	11	6	7	45.8	25.0	29.2

not report the condition of the buildings (Table XXVIII).

The indications are that the owners have better buildings on an average than the other tenure classes. Poor houses are undoubtedly one of the many reasons for dissatisfied farm families.

Household Equipment

Table XXIX shows the summary of the replies to the question, whether or not they had adequate household equipment. A larger per cent of the owners reported having adequate household equipment than any other tenure class. One-fourth of the farm laborers reported not having adequate household equipment while the other tenure classes reported a smaller per cent. We can also list the lack of adequate household equipment as one of the causes of farm families being dissatisfied.

Income In 1936

The average total cash income for all rural relief clients reporting their cash income for 1936 was \$412 (Table XXX). This included income from farming, from private labor, work relief, direct relief and other sources. It is of interest to note that about one-half of the total cash income for each tenure class was from work relief and that the cash income from farming comprised slightly more than one-fourth of the total cash income.

Here again we notice a slight advantage of the owners over the other tenure classes insofar as total cash income is concerned. This is

TABLE XXX.--INCOME OF RURAL RELIEF CLIENTS, BY TENURE CLASSES
DANSON COUNTY, 1936

Tenure Class	Total Number Reporting	Number		Average Cash Income from Those Reporting					
		Reporting Subsis- tance Income	Number Reporting Cash Income	Total Income	Income from Farming	Income from Pri- vate Labor	Income from Work Relief	Income from Direct Relief	Other Income
All Clients	492	89	403	412	135	39	209	10	19
Owners	230	44	186	462	195	23	217	7	20
Tenants	100	16	84	423	122	62	212	14	13
Share Cropper	138	21	117	340	66	43	204	9	18
Farm Laborers	84	8	16	283	11	85	134	6	47

due to the larger income of the owners from farming. However, if inventories were considered, depreciation and interest charges might reveal the owners to be in a worse plight than the other tenure classes.

The farm laborers received a smaller cash income than any other tenure class. They had a larger income from private labor and miscellaneous sources than any other class. The farm laborers also received considerably less from work relief than did the other classes. Apparently, the size of the family was an influencing factor in determining the amount of relief allowed for each family. If that was true, it would partially explain the difference in the amount received from work relief by the farm laborers and the other tenure classes.

Some of the clients did not report their cash income but reported subsistence relief. In some of the cases, the clients were given direct relief in the form of commodities, since no value was placed on these commodities their cash income or their cash equivalent could not be determined. The number of clients reporting subsistence incomes is shown for each tenure class in Table XXX.

Low income can be singled out as being the most powerful conditioning factor operating to reduce farm families to a low economic and social status and causing a dissatisfied class in agriculture.

Operation Borrowings in 1936

More than 40 per cent of the clients reported operation borrowings

in 1936. (Table XXXI). The average amount borrowed for operation for those reporting was \$245. A larger per cent of the owners reported borrowings than any other tenure class and the average amount borrowed was also slightly larger. Only one of the farm laborers out of the 24 reported operation borrowings.

It is worthwhile, at this time, to consider again the total income shown in Table XXX. The total average income was \$412. With an average size family of 4, this amount lacked \$2 of being enough to equal the budget for the cash cost of family living prepared by the Farm Security Administration. The client's liabilities for the year then would be increased by the amount of the operating loan plus 5% interest on \$257.25.

We have not carried the analysis far enough yet. If we consider the client's operations from a purely business standpoint, the operating loan is a liability against the farm business and should be paid from the income from farming. The average income from farming was only \$135, which amounted to little more than one-half of the operating loan. The total operating expenses would, no doubt in reality, be greater than the operating loan. This very definitely indicates unprofitable farm operations in 1936.

Size of Farm

The average size of farm reported for all clients was 522 acres, (Table XXXII). The owners operated larger farms on the average than the tenants, the tenants operated larger farms than the share croppers, while

TABLE XXXI.--OPERATION BORROWINGS AMONG RELIEF CLIENTS, BY TENURE CLASSES,
DAWSON COUNTY - 1936

Tenure Class	Total Number of Farms	Farms Reporting Operation Borrowings - 1936		Average Operation Borrowings Per Farm Reporting
		Number	Per cent	
All Clients	492	198	40.2	\$ 245
Owners	230	110	47.8	282
Tenants	100	35	35.0	201
Share Croppers	138	52	37.7	202
Farm Laborers	24	1	4.2	100

the farm laborers operated relatively small farms compared with the other tenure classes. The average amount of land in pasture was slightly more than the acres of plow land. The share croppers had more acres of plow land than they did of pasture land. The average acres reported by the farm laborers was only 8 acres of plow land and 160 acres of pasture.

The 1935 Agricultural Census reports the average size farm in Dawson County as 960 acres which is nearly twice as large as the average size farm operated by the relief clients. The relief clients had 253 acres or 48.5 per cent of the total farm land available for crops compared with the census average for the county of 358 acres or 37.3 per cent of the total acres in the farm.

The indications are that the relatively small farms are largely responsible for the low income of the relief clients. We shall see the effect the limited acreage of pasture has had on the number of livestock.

Possession of Livestock

Livestock is of great economic importance in Dawson County. Over 80 per cent of the farms in the county reported horses, cows and chickens in 1935 (Table XXXIII). Only 41 per cent reported swine and 19 per cent reported sheep. If we compare the percentages with the per cent of relief clients reporting the principal kinds of livestock (Table XXXIV) it is interesting to note that the per cent of the relief clients reporting the different kinds of livestock was smaller than the per cent of all the farmers

TABLE XXXII.--ACRES PER FARM AMONG RURAL RELIEF CLIENTS
BY TENURE CLASSES--DAWSON COUNTY, 1937

Tenure Class	Total Number of Farms	Average Acres in Farm		
		Total	Plow Land	Pasture Land
All Clients	492	522	253	269
Owners	230	592	270	322
Tenants	100	501	235	266
Share Croppers	138	426	240	186
Farm Laborers	24	168	8	160

TABLE XXXIII.--NUMBER AND PER CENT OF FARMERS REPORTING PRINCIPAL KINDS
OF LIVESTOCK AND AVERAGE NUMBER PER FARM REPORTING,
DAWSON COUNTY, 1935 ^{1/}

Kind of Livestock	Number of Farms Reporting ^{2/}	Per Cent of Farms Reporting	Number of Livestock Reported	Average No. per Farm Reporting
Horses and Mules	881	86.6	8611	10
Milch Cows	833	81.9	4187	5
Beef Cows	859	84.5	13621	16
Swine	420	41.3	1190	3
Sheep	193	19.0	32817	170
Chickens	829	81.5	38828	47

^{1/} United Census of Agriculture - 1935, Vol. 1, table 2, page 817.

^{2/} Total number of farms in County was 1017.

in the county reporting in 1935. It is also notable in Table XXXIV that a larger per cent of the owners reported the principal kinds of livestock than did the other tenure classes.

Not only did a smaller per cent of the relief clients report the principal kinds of livestock than did all the farmers in the county, but a comparison of the average number per farm reporting revealed the relief clients to have fewer of each kind of livestock per farm reporting (Tables XXXIII and XXXV).

As has been pointed out in the previous discussion, the average acres of pasture land was less for the relief clients than the average of all farms in the county. Under this condition one would naturally expect the relief clients to have fewer livestock than was reported by the average of all farmers in the county.

The possession of livestock, although limited by the size and organization of the farm, is apparently an important factor influencing the income from farm operators.

It is significant to note that nearly 20 per cent of the relief clients did not report milch cows and that over 20 per cent did not report chickens. Undoubtedly the cash cost of family living was higher for these clients than for those having cows and chickens. The advantages of possession of milch cows and chickens in helping provide for the living of the farm family is generally undisputed.

TABLE XXXIV.--NUMBER AND PER CENT OF FARMS REPORTING PRINCIPAL KINDS
OF LIVESTOCK AMONG RELIEF CLIENTS BY TENURE CLASSES,
DANSON COUNTY, 1937

Tenure Class	Total No. of Farms	Number Reporting						Per Cent Reporting					
		Horses	Milch Cows	Beef Cows	Swine	Sheep	Chick- ens	Horses	Milch Cows	Beef Cows	Swine	Sheep	Chick- ens
All Clients	492	381	400	304	178	49	386	77.4	81.3	61.8	36.2	10.0	78.5
Owners	250	200	204	172	88	26	203	87.0	88.7	74.8	38.3	11.3	88.3
Tenants	100	76	81	52	29	11	73	76.0	81.0	52.0	29.0	11.0	73.0
Share Croppers	138	97	110	79	61	12	106	70.2	79.7	57.2	44.2	8.7	76.1
Farm Laborers	24	8	5	1	--	--	5	33.3	20.8	4.1	--	--	20.8

TABLE XXXV.--AVERAGE NUMBER OF PRINCIPAL KINDS OF LIVESTOCK FOR FARMS REPORTING
 AMONG RURAL RELIEF CLIENTS, BY TENURE CLASSES
 DAWSON COUNTY, 1937

Tenure Class	Average Number of Principal Kinds of Livestock for Farms Reporting					
	Horses	Milch Cows	Beef Cows	Swine	Sheep	Chickens
All Clients	6	4	10	3	94	36
Owners	6	4	10	4	141	40
Tenants	6	4	8	2	33	31
Share Croppers	6	4	10	3	30	33
Farm Laborers	2	2	5	-	--	30

APPENDIX A

Summary of the Characteristics of
Major Type-of-Farming Areas
in Montana 1/

Area I. Ranching with only scattered and mostly unsuccessful dry land grain farming in the process of reversion to range use. Drouths and exploitation have resulted in low carrying capacities and reduced numbers of stock.

Area II. High grade ranching in foothill areas, low grade dry land grain farming on bench lands, bisected by well developed irrigated areas along Yellowstone, Boulder, and Big Horn Rivers and Rock Creek. Alfalfa, sugar beets, and grain are the major irrigated crops with field peas and beans important in localized areas.

Area III. Mostly a low grade dry farming and ranching area bisected by the Lower Yellowstone Irrigation Project (alfalfa, sugar beets, grains). While abandonment of dry farming land has been heavy, cash grain production continues as the major enterprise over much of the area.

Area IV. One of the two major wheat producing areas of the state. Soils are fairly good but there is a great variability in wheat yields. Livestock numbers tend to fluctuate inversely with wheat production.

Area V. A broken area thinly interspersed with low grade dry farming and ranching. Localized dry farming areas resemble Area IV while much of the range land is similar to Area I. The area is bisected by irrigated lands along the Milk River denoted to the production of alfalfa, grain and sugar beets.

Area VI. The largest wheat producing area in the state with important ranching localities. Irrigated sections are mostly denoted to producing cash grains and hay. The western and southern portions extend into foothill areas which accounts for much of the variability in soils, climate and topography.

1/ This summary was taken from unpublished material of a study made by Montana Agricultural Experiment Station in cooperation with Division of Farm Management and Costs Bureau of Agricultural Economics, United States Department of Agriculture with assistance of the Works Progress Administration.

Area VII. Denoted largely to dry farming on more uniform but, on the whole, lower grade farming land than Area VI. Livestock production confined largely to the Sweet Grass Hills and to the more broken lands. Wholesale abandonment was experienced during 1917-1922 in a period of prolonged drouth but the area has suffered less from drouths since 1930, than lands farther to the east.

Area VIII. Ranching dominant and based on irrigated forage supplemented with range on National Forest lands. Cash grain production is also important. Agriculture is confined to a series of mountain valleys located on the eastern slope of the Rocky Mountains and less subject to drouth than the plains area of the state. The irrigated valleys produce cash grains and forage for beef cattle, sheep and in the Gallatin Valley, considerable numbers of dairy cows.

Area IX. Similar to Area VIII but lying on the western slope of the Rocky Range under climatic conditions permitting greater diversity of crops. Less range forage is available and local areas specialized in dairying, general farming, cash grains and tree fruit production.

APPENDIX B

TABLE XXXVI.--YEARLY SUMMARY OF MONEY RECEIVED AND MONEY PAID OUT,
SELECTED FARM SECURITY CLIENTS IN MONTANA

(Average Per Farm by Counties - 1937)

State and Counties	No. of Records	Total Amount of Money Received	MONEY RECEIVED FROM:				Total Amt. of Money Paid Out	MONEY PAID OUT:		
			Sale of Farm Products 1/	Reset- tlement Admn. Loans	Other Sources	Farm Business		Family Living	Paym't on Resettle't Admn. Loans & Other Debts	
Big Horn	4	\$2014.78	\$ 960.74	\$ 623.25	\$ 430.79	\$1878.90	\$1039.51	\$ 509.59	\$ 329.81	
Broadwater	1	2794.53	693.82	1907.00	191.70	2829.46	1257.85	633.16	938.45	
Carbon	17	1431.28	723.42	469.53	238.33	1355.76	662.03	394.21	299.12	
Carter	2	2030.09	405.81	920.00	704.28	1868.96	1262.40	413.94	192.52	
Cascade	2	1683.82	1124.02	274.50	285.30	1657.23	925.42	467.55	264.26	
Chouteau	3	564.89	260.90	96.67	207.32	624.09	327.32	243.64	53.13	
Custer	3	667.29	194.06	50.00	423.23	837.34	381.46	444.21	11.67	
Daniels	3	1359.05	266.42	667.83	424.76	1325.03	610.47	421.56	353.00	
Fallon	5	1504.23	683.19	351.00	470.04	1264.50	593.23	460.12	211.15	
Fergus	10	983.25	300.96	221.00	461.29	995.48	421.79	470.30	103.39	
Flathead	8	1347.00	778.99	199.99	368.02	1494.77	868.57	410.03	216.17	
Gallatin	3	1714.68	1301.39	276.00	146.29	1680.20	755.44	580.22	244.48	
Garfield	2	1787.94	950.33	427.50	410.06	1818.78	1147.39	360.76	310.63	
Glacier	3	2139.03	948.70	783.33	407.00	2158.71	1499.23	527.46	132.02	
Golden Valley		1104.00	382.00	450.00	272.00	993.70	616.30	262.40	115.00	
Hill	1	2198.60	1049.66	525.00	623.94	2341.54	1325.30	647.30	367.74	
Jefferson	4	1108.65	485.57	374.75	248.33	1247.91	656.61	549.64	31.66	
Judith Basin	2	1347.52	724.01	257.50	366.01	1356.25	617.84	396.49	341.92	
Lake	9	1387.53	1178.99	120.00	88.54	1410.85	790.21	470.24	149.20	
Lewis & Clark	2	2812.14	2260.64	494.00	57.50	3103.68	1269.16	628.03	1206.50	

Table XXXVI (continued)

Liberty	1	\$1161.83	\$ 286.83	\$ 540.00	\$ 335.00	\$1111.66	\$ 538.26	\$ 357.67	\$ 215.73
Madison	1	3192.43	2306.13	708.85	177.45	3230.90	2330.22	698.18	202.50
McCone	1	734.00	74.00	410.00	300.00	976.50	661.00	315.50	--
Mineral	1	1005.85	117.51	80.00	808.34	991.85	470.67	491.18	30.00
Park	4	1298.19	562.24	392.50	343.45	1377.39	873.21	444.89	59.29
Powder River	5	947.30	481.37	115.00	350.93	1003.60	553.31	313.87	136.42
Prairie	1	1123.00	106.30	320.00	696.70	1117.60	566.54	551.06	--
Ravalli	1	1986.93	1686.93	300.00	--	2043.11	1505.74	305.17	232.20
Richland	6	2271.49	1245.42	448.50	577.57	2271.12	1077.50	476.59	717.03
Rosebud	7	1890.11	1067.18	248.29	574.64	1865.79	918.93	580.72	366.14
Sheridan	4	954.27	383.52	273.25	297.50	905.01	441.93	409.08	54.00
Stillwater	2	530.70	250.70	135.00	145.00	536.66	219.02	299.19	18.45
Sweet Grass	4	1072.30	438.63	333.80	299.87	1005.27	425.25	378.59	201.43
Teton	2	1677.02	799.45	377.50	501.07	1697.28	784.19	544.29	368.80
Toole	11	1203.56	557.94	269.04	378.58	1177.57	665.79	405.39	106.39
Wheatland	1	661.11	177.49	95.00	388.62	860.04	201.80	512.39	145.85
Yellowstone	8	2025.00	1158.39	485.70	380.91	2051.03	1348.43	468.66	233.94
STATE	145	\$1454.38	\$ 748.06	\$ 352.89	\$ 353.43	\$1455.42	\$ 777.33	\$ 446.52	\$231.57

APPENDIX C

TABLE XXXVII.--ACRES IN FARMS, ACRES IN PASTURE, TOTAL CROPLAND,
ACRES IN WHEAT AND WHEAT YIELDS PER ACRE FOR
SELECTED FARM SECURITY CLIENTS IN MONTANA

(Average per Farm for State and Type-of-
Farming, Owner-Operators only, - 1937.)

State & Type- of-Farming Area	Number of Records	Total Acres in Farms	Acres in Pasture	Total Crop Acres	Acres in Wheat	Wheat Yields Per Acre (Bushel)
State	33	652	487	159	53	2.4
Area I	6	1440	1113	310	136	1.2
II	5	430	268	156	26	6.2
III	4	400	246	150	50	1.7
IV	-	-	-	-	-	-
V	-	-	-	-	-	-
VI	3	133	89	98	36	2.2
VII	3	728	383	356	140	1.6
VIII	2	2840	2709	130	8	-
IX	10	87	43	42	8	12.1

TABLE XXXVIII.--ACRES IN FARMS, ACRES IN PASTURE, TOTAL CROPLAND,
ACRES IN WHEAT AND WHEAT YIELDS PER ACRE FOR
SELECTED FARM SECURITY CLIENTS IN MONTANA

(Average per Farm for State and Type-of-
Farming Areas, Part Owners only - 1937.)

State & Type- of-Farming Area	Number of Records	Total Acres in Farms	Acres in Pasture	Total Crop Acres	Acres in Wheat	Wheat Yields Per Acre (Bushel)
State	14	796	499	283	120	2.9
Area I	5	624	470	150	38	2.4
II	1	480	345	133	90	10.4
III	-	-	-	-	-	-
IV	1	640	260	375	275	-
V	-	-	-	-	-	-
VI	-	-	-	-	-	-
VII	5	1305	719	450	187	3.5
VIII	1	800	413	382	190	1.1
IX	1	80	19	61	-	-

Source: Farm Plans of Farm Security Clients

APPENDIX C

TABLE XXXIX.--ACRES IN FARMS, ACRES IN PASTURE, TOTAL CROPLAND,
ACRES IN WHEAT AND WHEAT YIELDS PER ACRE FOR
SELECTED FARM SECURITY CLIENTS IN MONTANA

(Average per Farm for State and Type-of-Farm-
ing Areas, Tenant Operators only - 1937.)

State & Type- of-Farming Area	Number of Records	Total Acres in Farms	Acres in Pasture	Total Crop Acres	Acres in Wheat	Wheat Yields Per Acre (Bushel)
State	50	729	429	280	73	7.0
Area I	4	680	433	236	73	1.8
II	26	509	283	219	42	16.4
III	5	1620	1263	344	93	3.7
IV	3	640	227	405	53	-
V	-	-	-	-	-	-
VI	5	952	648	295	112	5.2
VII	2	1450	506	562	252	2.2
VIII	3	907	252	568	197	1.9
IX	2	240	170	70	12	9.2

Source: Farm Plans of Farm Security Clients.

APPENDIX D

TABLE XL.--NET CHANGE IN TOTAL ANIMAL UNITS, AVERAGE VALUE OF ALL LIVESTOCK AND NUMBER OF PRINCIPAL KINDS OF LIVESTOCK, FOR SELECTED FARM SECURITY CLIENTS IN MONTANA, AVERAGE PER FARM FOR STATE AND TYPE-OF-FARMING AREAS, OWNERS ONLY
1937

State & Type- of-Farming Area	Number of Records	Net Change in Total Animal Units During the Year	Average Value of All Livestock	NUMBER OF LIVESTOCK (Mature Equivalent)						
				Horses	Cattle	Chick- ens	Tur- keys	Hogs	Sheep	
State	33	- .66	\$ 871	3	11	88	3	2	6	
Area I	6	+ .87	1125	4	12	48	8	1	15	1
II	5	+ .45	950	5	8	53	1	3	14	2
III	4	-8.46	649	3	9	38	6	<u>1/</u>	<u>1/</u>	
IV	-	-	-	-	-	-	-	-	-	
V	-	-	-	-	-	-	-	-	-	
VI	3	+1.87	860	1	13	131	4	2	-	
VII	3	-2.17	300	1	5	41	1	1	-	
VIII	2	+4.37	2532	6	50	94	1	2	-	
IX	10	+ .72	610	2	7	149	2	3	3	

Source: Farm Plans of Farm Security Clients

1/ Less than .5

APPENDIX D

TABLE XLI.--NET CHANGE IN TOTAL ANIMAL UNITS, AVERAGE VALUE OF ALL LIVESTOCK AND NUMBER OF PRINCIPAL KINDS OF LIVESTOCK, FOR SELECTED FARM SECURITY CLIENTS IN MONTANA, AVERAGE PER FARM FOR STATE AND TYPE-OF-FARMING AREAS, PART OWNERS ONLY
1937

State & Type- of-Farming Area	Number of Records	Net Change in Total Animal Units During the Year	Average Value of all Livestock	NUMBER OF LIVESTOCK (Mature Equivalent)					
				Horses	Cattle	Chick- ens	Tur- keys	Hogs	Sheep
State	14	/.25	\$ 676	4	8	52	1	1	5
Area I	5	/1.20	981	4	11	51	-	2	15
II	1	/4.61	372	2	5	12	2	1	-
III	-	-	-	-	-	-	-	-	-
IV	1	-3.20	392	4	4	40	-	-	-
V	-	-	-	-	-	-	-	-	-
VI	-	-	-	-	-	-	-	-	-
VII	5	-1.05	395	2	6	59	1	1	-
VIII	1	- .75	1450	9	12	100	4	2	-
IX	1	/2.04	370	3	3	24	-	2	-

APPENDIX D

TABLE XLII.--NET CHANGE IN TOTAL ANIMAL UNITS, AVERAGE VALUE OF ALL LIVESTOCK AND NUMBER OF PRINCIPAL KINDS OF LIVESTOCK, FOR SELECTED FARM SECURITY CLIENTS IN MONTANA, AVERAGE PER FARM FOR STATE AND TYPE-OF-FARMING AREAS, TENANTS ONLY
1937

State & Type- of-Farming Areas	Number of Records	Net Change in Total Animal Units During the Year	Average Value of All Livestock	NUMBER OF LIVESTOCK (Mature Equivalent)					
				Horses	Cattle	Chick- ens	Tur- keys	Hogs	Sheep
State	50	1.58	\$ 851	4	9	74	3	1	8
Area I	4	1.30	776	4	8	37	1	1	-
II	26	.23	903	4	9	50	5	2	11
III	5	1.40	1042	3	17	46	1	1	1
IV	3	-1.63	266	2	2	11	-	5	-
V	-	-	-	-	-	-	-	-	-
VI	5	-10.75	870	3	9	54	2	1	19
VII	2	7.76	418	1	9	25	1	2	-
VIII	3	3.37	1134	6	10	146	2	2	-
IX	2	-.80	684	2	10	128	-	1	-

Source: Farm Plans of Farm Security Clients.

APPENDIX E

TABLE XLIII.--FINANCIAL SUMMARY OF THE FARM BUSINESS OF SELECTED FARM SECURITY CLIENTS IN MONTANA: AVERAGE PER FARM, FOR STATE AND TYPE-OF-FARMING AREAS, OWNER-OPERATORS ONLY - 1937.

State & Type- of-Farming Areas	Number of Records	Average Total Farm Invest- ment (\$)	Net Change in Farm Inventory During Year (\$)	Total Cash Farm Receipts (\$)	Total Cash Farm Expenses (\$)	Net Cash Receipts (\$)	Returns to Capital & Labor (\$)	Int. at 5% on Invest- ment (\$)	Labor Income (\$)
STATE	33	5030	✓ 198	936	923	✓ 3	✓ 201	252	- 51
Area I.	6	5875	✓ 413	770	1156	- 386	✓ 27	294	- 267
II.	5	4465	✓ 308	632	758	- 126	✓ 182	223	- 41
III.	4	4541	- 209	1590	1370	✓ 220	✓ 11	227	- 216
IV.	-	--	--	--	--	--	--	--	--
V.	-	--	--	--	--	--	--	--	--
VI.	3	4443	✓ 453	1098	992	✓ 106	✓ 559	222	✓ 337
VII.	3	4872	✓ 300	644	572	✓ 72	✓ 372	244	✓ 128
VIII.	2	11174	✓ 89	2002	944	✓ 1058	✓ 1174	559	✓ 588
IX.	10	3996	✓ 89	753	803	- 50	✓ 39	200	- 161

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2
3

APPENDIX E

TABLE XLIV.--FINANCIAL SUMMARY OF THE FARM BUSINESS OF SELECTED FARM SECURITY CLIENTS IN MONTANA: AVERAGE PER FARM, FOR STATE AND TYPE-OF-FARMING AREAS, PART OWNERS ONLY - 1937.

State & Type- of-Farming Areas	Number of Records	Average Total Farm Invest- ment (\$)	Net Change in Farm Inventory During Year (\$)	Total Cash Farm Receipts (\$)	Total Cash Farm Expenses (\$)	Net Cash Receipts (\$)	Returns to Capital & Labor (\$)	Int. at 3% on Invest- ment (\$)	Labor Income (\$)
STATE	14	3377	✓ 19	723	709	✓ 14	✓ 33	169	- 136
Area I.	5	3260	✓ 394	860	675	✓ 185	✓ 579	163	✓ 416
II.	1	1346	✓ 218	252	296	- 44	✓ 174	117	✓ 57
III.	-	--	--	--	--	--	--	--	--
IV.	1	4912	✓ 562	528	1009	- 481	✓ 81	246	- 165
V.	-	--	--	--	--	--	--	--	--
VI.	-	--	--	--	--	--	--	--	--
VII.	5	3688	- 217	672	732	- 60	- 277	184	- 461
VIII.	1	3945	-1476	779	1096	- 317	-1793	197	-1990
IX.	1	2335	✓ 78	907	486	✓ 421	✓ 499	117	✓ 382

APPENDIX E

TABLE XLV.--FINANCIAL SUMMARY OF THE FARM BUSINESS OF SELECTED FARM SECURITY CLIENTS IN MONTANA: AVERAGE PER FARM, FOR STATE AND TYPE-OF-FARMING AREAS, TENANT OPERATORS ONLY, 1937.

State & Type- of-Farming Areas	Number or Records	Average Total Farm Invest- ment (\$)	Net Change in Farm Inventory During Year (\$)	Total Cash Farm Receipts (\$)	Total Cash Farm Expenses (\$)	Net Cash Receipts (\$)	Returns to Capital & Labor (\$)	Int. at 5% on Invest- ment (\$)	Labor Income (\$)
STATE	50	1732	✓ 164	773	910	- 137	✓ 27	117	- 90
Area I.	4	1418	✓ 55	434	521	- 87	- 32	71	- 103
II.	26	1783	✓ 98	868	945	- 77	✓ 21	89	- 68
III.	5	1950	✓ 453	589	667	- 78	✓ 375	98	✓ 277
IV.	3	1890	- 338	316	425	- 109	- 447	84	- 531
V.	-	--	--	--	--	--	--	--	--
VI.	5	1526	✓ 816	486	874	- 388	✓ 428	76	✓ 352
VII.	2	1218	✓ 539	763	1285	- 502	✓ 37	61	- 24
VIII.	3	2869	✓ 339	1335	1695	- 360	- 21	143	- 164
IX.	2	1401	- 249	1225	1093	✓ 132	- 117	70	- 187

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