



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.

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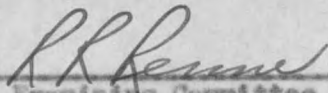
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in Agricultural Economics at
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Approved:



In Charge of Major Work



Chairman, Examining Committee



Chairman, Graduate Committee

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FARM SECURITY CLIENTS IN MONTANA

An Analysis of the Operations, Farm Business
and Farm Organization of Selected Rural
Rehabilitation Clients in
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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.

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 55.5 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

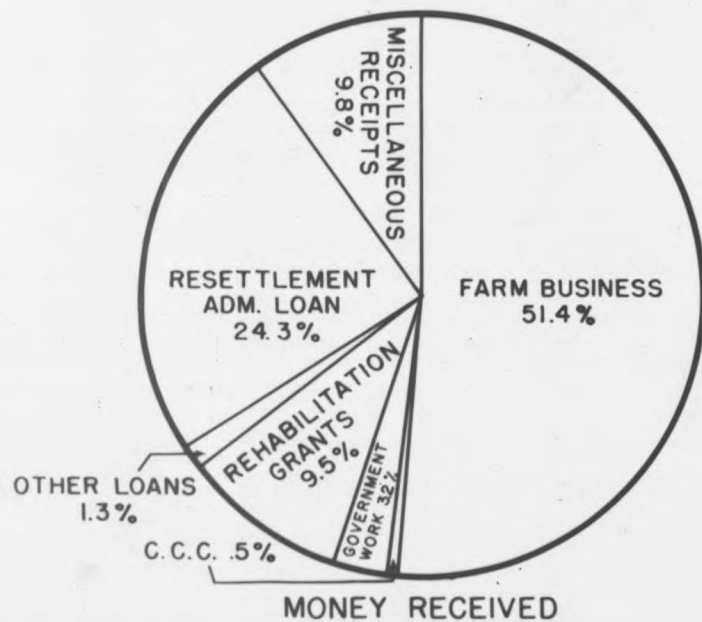


Figure 2.--Distribution of Money Received and Money Paid Out by Farm Security Clients in Montana - 1937

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 | 333.35 | 514.16 | -180.81 |
| 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.

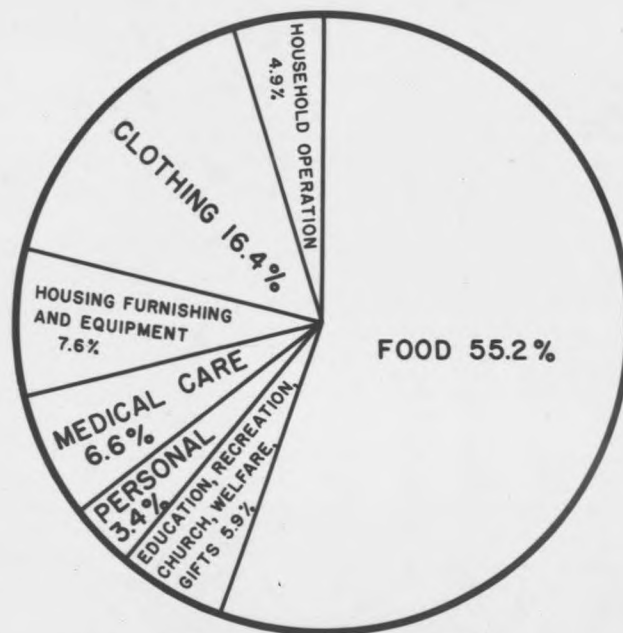
There was a general tendency for cash cost per person to decrease as the size of family increased (Table IX). This tendency was true for all items except clothing expenses.

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 |

1
2
3
4

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 | 30.00 | 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 | 1/ |
| IV | 4 | -2.00 | 298 | 3 | 3 | 18 | - | 1/ | - |
| V | - | - | - | - | - | - | - | - | - |
| VI | 8 | +7.38 | 867 | 3 | 10 | 82 | 1/ | 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

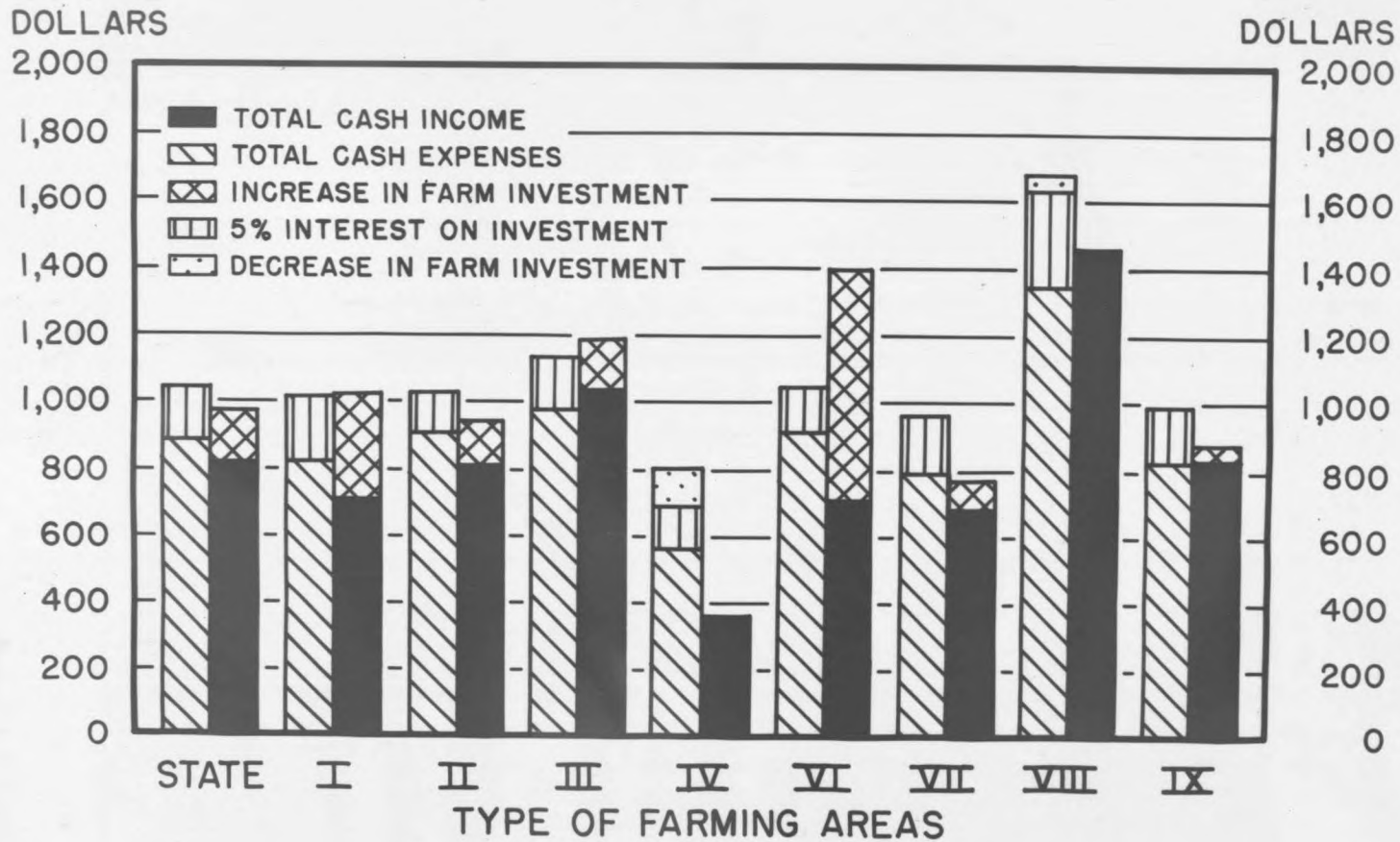


Figure 4.--Financial Summary of the Farm Business of Farm Security Clients in Montana, Average Per Farm - 1937

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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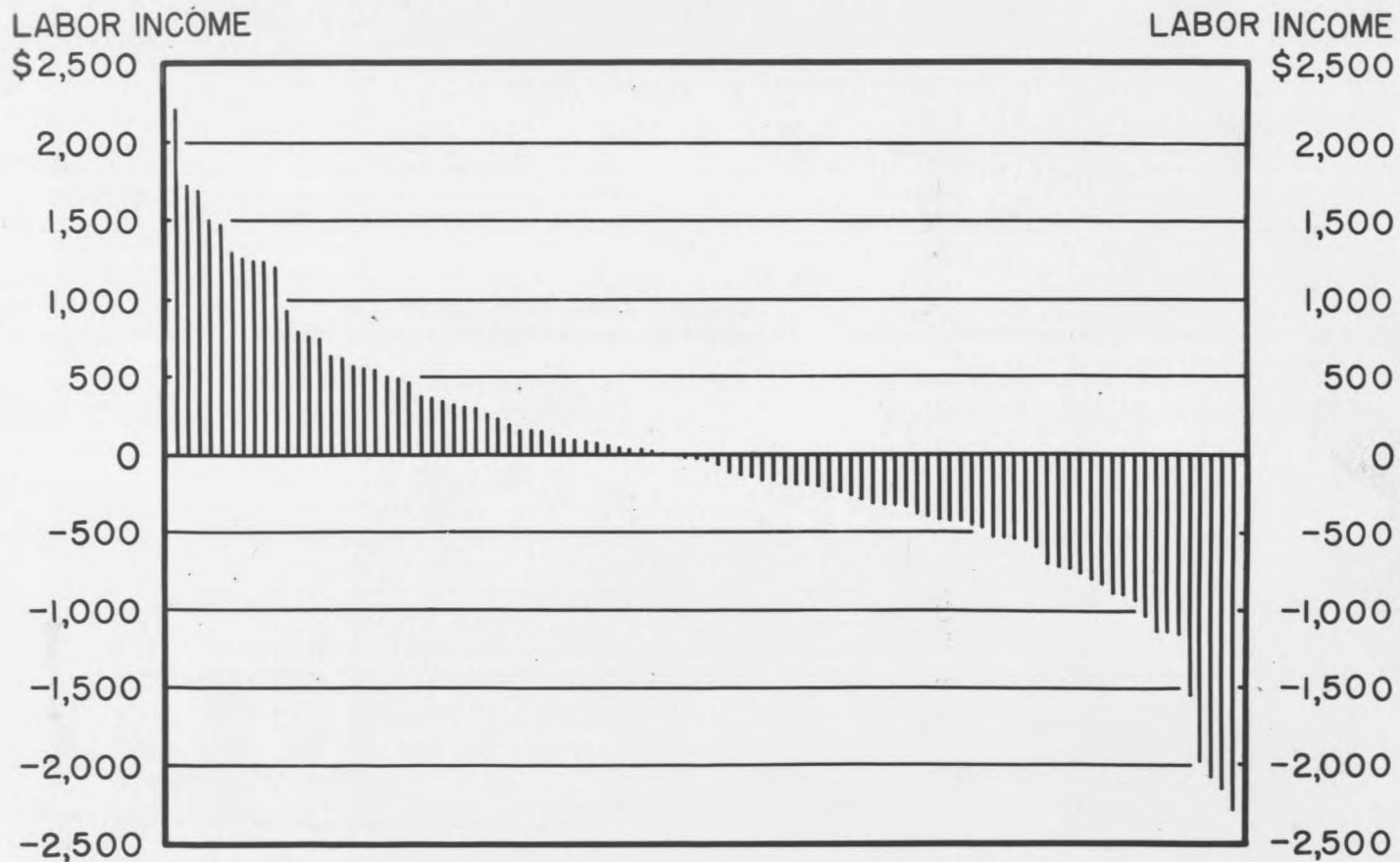


Figure 5.--Labor Income from Farm Business of 97 Farm Security Clients
in Montana - 1937

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 farms 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

