



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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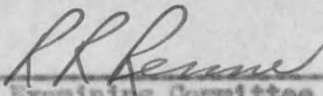
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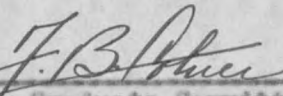
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PART I

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." <sup>1/</sup>

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

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<sup>1/</sup> Alexander, Will W. Report of the Administrator of The Resettlement Administration, 1937, Page 3.





































































































































































































