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A STUDY OF THE OPPORTUNITIES FOR BEGINNING FARMERS
TO BECOME ESTABLISHED IN FARMING IN
SPINK COUNTY, SOUTH DAKOTA

By

Gordon F. Ferguson

A thesis submitted
in partial fulfillment of the requirements for the
degree Master of Science at South Dakota
State College of Agriculture
and Mechanic Arts

October, 1957

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A STUDY OF THE OPPORTUNITIES FOR BEGINNING FARMERS
TO BECOME ESTABLISHED IN FARMING IN
SPINK COUNTY, SOUTH DAKOTA

This thesis is approved as a creditable, independent investigation by a candidate for the degree, Master of Science, and acceptable as meeting the thesis requirements for this degree; but without implying that the conclusions reached by the candidate are necessarily the conclusions of the major department.

Thesis Adviser

Head of the Major Department

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CHAPTER I

INTRODUCTION

The young person who attempts to begin farming today is confronted with a series of major problems. The trend toward larger farm units, a move to take advantage of the economies of large scale operation, affects the beginning operator in two ways. The beginning operator must compete for land with established operators who are seeking to enlarge their farm units; and for the beginner to make his operation profitable he is required to assemble a greater acreage than would have been necessary in the past. As farms increase in size, the amount of capital required to establish and operate them also increases. The beginning operator, possessing little collateral and limited farming experience, finds it difficult to obtain the necessary credit. The beginning operator who is seeking credit is handicapped in either or both of two ways by his poor bargaining position: (1) the limited total amount of credit he is able to obtain may require that he begin farming on a scale so small that his chances for success are lessened and (2) the higher interest rates and more strict terms of repayment sometimes demanded of a beginning operator may prove to be an equal handicap.

Review of Literature

Several works referring to the problems of beginning farmers

have been published in recent years. Wayt¹ discovered that many young Ohio people used part time farming as a method of becoming established in farming. He adds that increasing farm costs, falling prices of farm products and increasing nonfarm wage rates have encouraged many such beginning farmers to change their minds and seek the greater security of full-time nonfarm employment.

Pond and Moore² examined a questionnaire containing suggestions and advice on starting farming from 157 successful Minnesota farmers. These farmers suggested that a beginning farm operator should not attempt to buy a farm unless he can make approximately a one-third down payment. It was further suggested that the beginning operator take advantage of crop share and livestock share leases and partnerships to preserve his limited capital. Getting a farm of adequate size and productivity and personal factors such as managerial ability and desire to farm were also considered to be important.

A study by Nordland and Moore³ of the records of 562 veterans who took on-the-farm training in southern Minnesota brought out

¹ William A. Wayt, "Many Young Ohioans Venture Along Part Time Road to Full Time Farming," Timely Economic Information for Ohio Farmers, No. 349, Agricultural Extension Service, Ohio State University, Columbus, February, 1957.

² George A. Pond and Donald S. Moore, Starting Farming-Suggestions and Advice from Successful Farmers, Report No. 213, Department of Agricultural Economics, University of Minnesota, St. Paul, February, 1954.

³ T.R. Nordland and D.S. Moore, Starting Farming-Ownership Vs. Renting, Report No. 220, Department of Agricultural Economics, University of Minnesota, St. Paul, December, 1954.

several pertinent facts. It was found that beginning farmers started on farms of below average size for the community, with beginning owner-operators averaging the smallest farms and lowest net earnings. Managerial ability was considered the greatest single factor contributing to success.

Raup⁴ wrote a progress report on a Minnesota land contract study undertaken by the University Department of Agricultural Economics in cooperation with the state Law School. He suggested provisions for a sliding scale of repayment and conversion to a mortgage type deed after the buyer attains approximately a fifty percent equity. Raup stated that land contracts of this type may prove to be a good path to farm ownership for farmers possessing little capital.

Arnold⁵ reported on an Indiana study of the capital accumulation experiences of 182 families who began farming in Clinton County, Indiana, between 1947 and 1953. He stated that family assistance, availability of land, favorable price relationships and the size of business (often determined by the amount of credit used) were the primary factors in determining the degree of success attained by the beginning operator.

⁴ Philip M. Raup, "Buying Farms With Land Contracts," Minnesota Farm Business Notes, No. 359, University of Minnesota, St. Paul, March 31, 1955.

⁵ Lester L. Arnold, Problems of Capital Accumulation in Getting Started in Farming, Station Bulletin No. 638, Agricultural Experiment Station, Purdue University, Lafayette, Indiana, February, 1947.

Kristjanson and Brown,⁶ in a North Dakota study centered on members of the veteran on-the-farm training program and certain borrowers of the Farmers Home Administration, found four primary factors presented difficulties to beginning farming. These factors were a shortage of land for sale or rent, high initial costs of land, labor and machinery, the inflexibility of farm operating and family living costs, and the inadequacy of commercial credit sources to meet the capital requirements of beginning farm operators.

Another study by Kristjanson and Brown⁷ appraised the Farmers Home Administration with its policy of substituting management and supervision in place of collateral requirements for farmers with a weak equity position. This North Dakota study, with particular emphasis on a field investigation of all FHA borrowers in Eddy County, found that the program was relatively successful in substituting for commercial credit where that credit was not adjusted to the farmers needs. The program was hampered in three ways: not enough money was available to meet all worthy requests, supervisors had too large a caseload to allow proper administrative practices, and some farmers felt they should have more freedom of judgment regarding capital expenditures.

⁶ Baldur H. Kristjanson and Jacob A. Brown, Credit Needs of Beginning Farmers in Selected Areas of North Dakota, Bulletin 386, Agricultural Experiment Station, North Dakota Agricultural College, Fargo, June, 1953.

⁷ Baldur H. Kristjanson and Jacob A. Brown, The Farmers Home Administration Approach to Farm Credit Problems, Bulletin 388, Agricultural Experiment Station, North Dakota Agricultural College, Fargo, January, 1954.

Purpose and Scope Compared With Other Studies

The purpose of this thesis is to examine the major factors contributing to the success or failure of the beginning farm operator. Two related studies were previously conducted in Johnson County, Nebraska. The study by Cornelius⁸ disclosed that family land made available to beginning operators helped to compensate for their poor competitive position with established operators who were also attempting to acquire land. A complimentary study by Reinmiller⁹ indicated that in the interchange of land between farm operators, the established operators usually acquired land in small tracts while the beginning operators more often were faced with the difficult problem of acquiring entire farms. Family influence proved to be a significant factor in helping the beginning operator get this land.

The Cornelius study was largely concerned with identifying and measuring, by quantitative methods, the interchange of land between various types of farm operators, such as beginning farmers, farmers who quit, established farmers making some change in their farm unit and others. Reinmiller expanded the work done by Cornelius to include interviews of farm operators in an effort to discover the factors influencing the interchange of land.

⁸ Grant L. Cornelius, "Availability of Farm Land to Beginning and Established Farm Operators in Johnson County, Nebraska," Unpublished M.A. dissertation, (Lincoln: University of Nebraska, 1955).

⁹ Ronald T. Reinmiller, "Factors Affecting the Interchange of Land Among Farm Operators, Including the Availability of Land to Beginning Farmers," Unpublished M.A. dissertation, (Lincoln: University of Nebraska, 1957).

The present study, in part, parallels the work done by Cornelius and Reinmiller. As in the Nebraska studies, one county (Spink) was selected and the records of the county Agricultural Stabilization and Conservation (ASC) office were used to learn accurate details concerning the size of each operator's farm, his tenure status on each tract of land and what land he farmed in partnership, if any. The data used in the Nebraska study were for the years 1954 and 1955. For South Dakota, the years 1955 and 1956 were chosen. The records for both years were compared and the interchange of farm tracts among farm operators which had taken place was noted. The movement of operators in and out of farming in the county and the effects of these changes on the size of farm, tenure status, and the partnership arrangements of the individual farm operator were recorded.

Another point of similarity between the Nebraska and South Dakota studies was the interviewing of local ASC committeemen to gain additional details about the individual farm operators involved in the interchange of land. The age of the operator was asked and it was established whether the operator was beginning, continuing or giving up farming. In the latter case, the reason for giving up was noted. (In both the Nebraska and South Dakota studies tentative identification of operators who were either beginning or giving up farming could be gained from the ASC office records. The former (beginner) would appear as an operator only in the second year checked and the latter (giving up) only in the first year checked. However, persons resuming farming and farmers moving in and out of the county

also appeared in one or the other of these categories thus making individual confirmation necessary.)

At this point the studies of the two states begin to diverge. In Nebraska the committeemen were questioned about the landlord's farming history and the farms in question, the type of owner (farmer, businessman, etc.) and his relation to the tenant, if any. In the South Dakota study the committeemen were not questioned about the farm owners but were asked (where applicable) if the partnerships as shown on the ASC records were actual working partnerships (as differentiated from the case where two or more operators farm separate parts of a tract but both are listed on the ASC records as farming the entire tract together). If a true partnership existed, they were then asked if a family relationship was involved.

Cornelius ended his study with this phase but Reinmiller continued a step further and interviewed the various types of farm operators who were still farming in 1955 but had made some changes in their land holdings from the previous year. (This included not only established farmers but also beginning operators, people returning to farming, partially retired farmers and others.)

The purpose of this final phase of Reinmiller's study was to gain an insight into the factors which influence the movement of farm land between operators and thereby affect the availability of land to beginning operators.

The present study, by paralleling in its initial phases the type of study done in the Nebraska project, hopes to provide information which may be easily subjected to a comparative analysis to

determine if the factors affecting the availability of land are similar or dissimilar in two areas of differing climate, soil and population behavior patterns.

Methods Used in Present Study

The Nebraska studies concentrated on identifying and examining the factors influencing the interchange of farm land between farm operators as it affects the availability of land to beginning operators. Other studies, previously mentioned, either concentrated on other single factors in a similar manner or else made only a very general survey of the problems facing beginning operators. Neither type of study always reveals the relationships between the various problems involved in beginning farming and the effects of their actions of these problems upon each other. The present study, after making the quantitative examination of the interchange of land between farm operators, applies itself to a qualitative study of the major problems faced by beginning operators and attempts to reveal the interrelationships and interactions of these factors. This was done by interviewing all the farm operators still available for questioning who began farming in Spink County, South Dakota, in 1956.

The major difficulties involved in beginning farming appear to be the acquisition of sufficient land, credit, and capital in the proper combinations and under terms that will allow the beginning operator a reasonable chance for success while maintaining a satisfactory standard of living. Pertinent questions were asked about each of these things. The beginning operators were also given an opportunity to remark on any other problems they thought affected them

as beginning operators. No attempt was made, however, to measure the management abilities of beginning farm operators because these abilities are disguised by the fact that relatives, landlords and others often aid the beginner in making management decisions. At the same time as the beginning operators were being interviewed, a like number of established farm operators who had acquired one or more tracts of farm land between 1955 and 1956 were interviewed and asked the same questions asked of beginners concerning their difficulties in acquiring land, credit, and capital. The answers of the established operators when compared with those of the beginning operators provide a means of identifying and measuring the factors, over and above the regular problems of farming, which handicap beginning farm operators.

The Cornelius and Reinmiller studies, as well as the present study are contributions to the regional NC-15 project, "How Young Families Get Established in Farming." Several other North Central states are presently working on this project and their studies are in various stages of completion.

CHAPTER II

STUDY AREA AND PROCEDURE

Description of the Area

Spink County, South Dakota, is located in the North Central portion of the James River Basin in east central South Dakota. The topography varies from nearly level to undulating, with a few rolling areas. The county includes a land area of approximately 963,840 acres.¹⁰ According to the 1954 census, 96.8 percent of this land was occupied by farms, which numbered 1,557 and averaged 599.1 acres in size.¹¹ The county is composed primarily of diversified farms but hard red spring wheat is the major contributor to cash farm income.

Reasons Area Was Chosen

Spink County was chosen as the study area for several reasons. It contained a relatively large area and population thus promising enough material to yield a satisfactory sample. No large cities were near enough to encourage either part time farming or the creation of specialized farms which cater to such cities. There also had been some unrelated farm studies conducted previously in the county and it was thought that some of the information acquired in

¹⁰ United States Bureau of the Census, United States Census of Agriculture: 1954, Vol. I, Counties and State Economic Areas, Part II, United States Government Printing Office, Washington, D.C., 1956, County Table 1, p. 231.

¹¹ Ibid.

these studies would be useful in initiating and conducting the present study. The high proportion of diversified farms in the county also encouraged the selection of this county as the study area. It was thought that diversified farming would present the widest range of problems faced by beginning farmers.

Collection of Land Interchange Data from ASC Office

The first working phase of the study concerned itself with collecting information regarding the interchange of land between farm operators in Spink County. A preliminary visit to the County ASC office revealed that a legal description of the land farmed by each operator or partnership of operators and the tenure of the operator(s) were recorded on 3 by 5 inch index cards. The cards were filed in alphabetical order of the operators' names and also gave their post office address. The information was brought up to date each year on new cards but the cards from previous years were kept on file. If more detailed information was desired or if some discrepancy was noted on the index cards, reference could be made to the "wheat listing sheets." The listing sheets, a field report by the township ASC committeemen, gave both the operator's and the owner's name and address. (In the event the land was owner-operated both names were, of course, the same). Partners names, where applicable, were given. The total acres in the farm tract and the total acres of actual cropland were also listed.

By the end of June 1956, the ASC office had received and processed the field reports which listed the land each farmer intended to operate that year. The index cards were then available for

examination. Research was immediately begun by comparing the 1955 card of each operator with his 1956 card. If a farm operator appeared in only one of the two years or if an operator acquired or lost operatorship of some land or changed his tenure on land he continued to operate, this information was recorded on previously prepared record cards. These record cards, one for each operator or partnership, were mimeographed forms containing sections for recording the legal description, tenure situation and the number of acres of all land farmed by an operator. (See Figure 1 in Appendix.) Other sections of the card provided spaces for recording any changes in the operator's land holdings. If the operator gave up or acquired any land this information was recorded along with a card cross reference number and the name of the person who acquired land from the operator or gave up land to him. Operators who began farming in 1956 or operators who quit farming in the county in 1955 would appear only on the ASC index card for the particular year in which they farmed, thus permitting preliminary identification of these groups.

Verification of Land Interchange Data by Personal Contact

Form letters were sent to all persons who appeared to be beginning farming in 1956 to ascertain if they were actually beginning operators or only farmers resuming farming or farmers moving into the county from another area. One section of the letter requested the operator to list the name of anyone in his area that he considered to be a beginning farmer. It was thought that some beginning operators who were present in the county might not have

their names recorded in the ASC office records but might be known by other beginning operators. The inquiry yielded the names of two beginning operators not already in the study which fit this study's definition of a beginning operator. Another form letter was sent to all farm operators who appeared to be in partnership; the purpose of this letter was to determine if the arrangement was a real working partnership or if each operator was farming a separate part of the land. The latter type of arrangement sometimes appeared on the ASC index card as a partnership when such was actually not the case.

Since all the persons who received the form letters did not reply, one or more ASC committeemen in each township were interviewed to obtain the necessary information about the non-replying operators. The committeemen were also asked to estimate, to the best of their knowledge, the age of all the farm operators who were listed as giving up or acquiring some land. If a farmer in the committeeman's area had quit farming in 1955, the committeeman was asked to give, again to the best of his knowledge, the reason why that operator quit farming. All the information concerning age, partnership arrangements and the beginning or quitting farming status of the operators was then written in the proper spaces on the previously prepared record cards.

Definition of Terms

After the information about the farm operators and the land they farmed had been gathered and placed on record cards to facilitate reading and sorting, the information was then coded and placed on

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IBM punch cards. Before an explanation of this phase of the work is given, a few of the terms used in this study will be defined in order that the reader may have a more complete understanding of the text.

1. Farm or Farm Unit: All the land operated under the management of one individual or partnership.
2. Tract: That portion of any particular farm having one ownership unit in any one year. (Ownership unit is used to include partnerships, estates, and corporations.)
3. Beginning Farm Operator: Many young people spend the early part of their lives working on the farm of their parents, other relatives, or in some cases, on the farms of non-related persons, and only gradually become farm operators in their own right. It is often difficult to determine at just what point a person may be called a beginning farm operator. For the purpose of this study a young person may be considered a beginning operator when he first begins to exercise a discernible degree of command of the agricultural resources at his disposal and expresses his intention to become an established farm operator in his own right.

Data Sorting Procedure

The collected data was placed on IBM punch cards in a manner which, by a series of sorts and totals, an accurate measure of the exchange of land between various groups of farm operators (deceased, retiring, giving up farming, beginning farmers, established farm operators adjusting their farm units, etc.) could be obtained. A desire to test several hypotheses also dictated the arrangement of the material on the punch cards. Three of these hypotheses follow:

1. Beginning operators, lacking the resources to be able to farm profitably on their own, usually farm in partnership with an older established operator (usually a relative.)
2. Size of farm, in general, varies with the age of the operator; the young operator starts on a small farm, accumulates land gradually and then upon reaching an advanced age, gradually releases the land to younger

relatives to give them an opportunity to begin farming and/or because of the physical limitations imposed by age he is no longer able to farm as extensively as before.

3. The majority of the land released by operators who are retiring, deceased, or quitting farming is absorbed by established operators who are expanding the size of their farm units and relatively little is taken over by beginning farm operators.

Operator Interview Procedure

The next phase of the study was the interviewing of all farm operators available for questioning who began farming in Spink County in 1956 and the interviewing of a like number of established farm operators to provide a basis for comparison as mentioned in Chapter I. Other than the general questions asked in an effort to probe the range of the problems of beginning operators, a number of hypotheses determined what questions were to be included in the questionnaire which provided the basis for this part of the study.

1. The young person who attempts to begin farming generally has little collateral and has not proven his farming ability. Therefore, unless he receives family help he is forced to accept less credit than will satisfactorily insure the initiation and continuance of a successful farm unit.
2. Because of his poor bargaining position the beginning operator also is often forced to accept credit under terms of interest and repayment which are more severe than the terms offered to established farm operators.
3. Because he lacks the other resources of capital, credit, equipment and farming experience the beginning operator finds himself handicapped when competing for land with established farmers who are attempting to expand their farm units. The beginning farmer is often forced to do one or a combination of three things if he wishes to start farming: (1) accept the poorer grades of land, (2) accept less land than is practical for a good farming operation, and (3) acquire land in widely scattered areas as they become available to him.

4. Family assistance is of great importance in eliminating the detrimental effects of the factors mentioned above and is the major factor contributing to the successful establishment in farming in the case of many young operators.

Upon completion of the interviews the collected data was analyzed and prepared for reporting in this study.

CHAPTER III

ANALYSIS OF LAND INTERCHANGE DATA

As explained in Chapter II, detailed examination of the Spink County ASC office records revealed the names of farm operators who had made some change, between 1955 and 1956, in the land holdings they operated. The names of the operators making the change, the type of change occurring, a legal description of the land involved in the change, and any partnerships related to the operation of the land were noted and recorded. Local ASC committeemen and some of the individual farm operators concerned were contacted in an effort to learn the ages of the operators. This method was also used to gain more accurate and more complete information regarding the farming partnerships and the status of the operators involved (beginning, resuming, continuing or giving up farming, and why, if the latter) than could be obtained from the ASC office records.

The information regarding land operatorship changes and the personal information about the operators was placed on IBM cards. The cards were mechanically sorted to measure the relationship of age, status, tenure and farming partnerships, to the interchange of land among farm operators in Spink County between 1955 and 1956. This chapter concerns itself with reporting the results obtained from the sortings and with a discussion of how each of the factors involved might seem to affect the availability of land to beginning farm operators.

The terms "tenant" and "owner-operator" as used in this chapter require qualification. Land described as tenant operated or owner operated refers only to an operator's tenure situation on a particular tract and not on his entire farm. For instance, an operator may have released or acquired land on which he paid rent during the time he held it in which case this land was called tenant operated land. If the same operator released or acquired land which he owned during the time he held it, this portion of the land was described as owner operated.

Types of Farm Operators Involved in Land Changes

Land may be released by farm operators for many reasons. The operator may give up some land in order to acquire other land that is more productive or closer to his operating headquarters or has other qualities that make it more desirable. Disagreements between tenants and landlords or sale of the land by a landlord may bring about an involuntary release of some land by farm operators. Land also is released by farm operators who leave farming to engage in other occupations, die or retire. Table I lists the total acreages released in Spink County in 1955 by operators who continued farming and those who died, retired or quit farming.

Established farmers increasing the size of their farms, and/or substituting more desirable land for some land they previously farmed and farmers either voluntarily or involuntarily moving to new farms, absorb some of the land released by other farm operators. Other individuals acquiring land released by farm operators are beginning farmers and farmers who are resuming farming. Table II lists the total

Table I. Land Released in 1955-By Status of Operator

| <u>Status of operator releasing land*</u> | <u>Acres released</u> |
|-------------------------------------------------------------|-----------------------|
| <u>Single Operators</u> | |
| Tenant, continued farming in county | 33,257 |
| Owner-operator, continued farming in county | 7,396 |
| Moved out of county, farming in another area | 5,100 |
| Quit farming | 18,726 |
| Deceased | 1,950 |
| Retired | 1,600 |
| Others | 1,600 |
| Unknown | 1,040 |
| Sub-total | 70,669 |
| <u>Partnerships#</u> | |
| All partners continued farming in county | 1,940 |
| All partners quit farming | 720 |
| One partner quit farming, other continued farming in county | 540 |
| All partners moved out of county, farming in another area | 480 |
| One partner now farming out of county only, one in county | 160 |
| Sub-total | 3,840 |
| Grand Total | 74,509 |

*Listed by tenure of operator where pertinent

#Does not include 3,910 acres that were farmed in partnership in 1955 and were retained by one of the partners, farming as a single operator in 1956. In all instances the member of the former partnership, who is no longer farming this land, quit farming entirely in 1956.

Table II. Land Acquired in 1956--By Status of Operator

| Status of operator on acquired land* | Acres acquired |
|----------------------------------------------------------------------------------|----------------|
| <u>Single Operators</u> | |
| Tenants, continuing farming in county | 41,159 |
| Owner-operators, continuing farming in county | 6,085 |
| Moved into county, previously farmed in another area | 3,663 |
| Beginning operators (none listed as owners) | 7,120 |
| Tenants, returning to farming | 2,747 |
| Landlords, returning to farming | 1,135 |
| Unknown | 1,135 |
| Others | 560 |
| Sub-total | <u>65,309</u> |
| <u>Partnerships#</u> | |
| All partners continuing farming in county | 5,120 |
| All partners previously farmed in another county | 1,440 |
| Both partners were beginning operators | 560 |
| One partner is beginning operator, other partner is continuing farming in county | 480 |
| One partner resumed farming, other partner farmed before in father's name | 1,120 |
| Both partners farming as a sideline | 320 |
| Both partners farmed before under father's name | 160 |
| Sub-total | <u>9,200</u> |
| <u>Grand Total</u> | <u>74,509</u> |

*Listed by tenure of operator where pertinent

#Does not include 4,340 acres on which beginning operators became partners with established operators who had farmed the land the year before (1955) as single operators.

acres acquired by beginning farmers and established farmers who are continuing or resuming farming.

A study of Tables I and II reveals that tenant single operators who were continuing farming in the county both released and acquired the largest acreage. They did, in fact, acquire 7,902 acres more in 1956 than they released in 1955. Owner single-operators continuing farming in the county acquired 1,311 acres less in 1956 than they released in 1955. Where partnerships were involved, disregarding tenure classifications, the partner-operators who were all continuing farming in the county acquired 3,180 acres more in 1956 than they released in 1955. (The combination of different types of operators in partnerships makes it difficult to assign a definite acreage figure to land acquired by each type of operator involved in partnerships. Thus, some acreages will not be discussed in terms of actual figures but only in terms which describe to what degree they influence the relative positions of the various operatorship categories involved.) None of the other types of operators listed in Table II acquired as much land in total as tenant operators continuing farming in the county acquired in surplus over land they had released. When the large total amount of land released and acquired by tenant operators continuing farming in the county is considered, however, the surplus of land they acquired over the amount of land they released does not seem out of proportion to the amount of land acquired by other types of operators who dealt in relatively small quantities of land.

Farm operators quitting farming (not retiring), accounted for

the second largest acreage released by any one type of operator. The land released by operators quitting farming (not retiring) and operators who continued farming, either in the county or in another area, constituted the major portion of the land released. Land released by farmers retiring, deceased, and others, made up only a small proportion of the total amount of land released.

Tenant single operators, continuing farming in the county, as mentioned earlier in this chapter, acquired the largest acreage (41,159 acres) acquired by any single type of operator in 1956. Tenant partner operators, operators continuing farming in the county, and operators moving into the county, taken together, accounted for another major portion of the land acquired in 1956. Beginning operators, not in partnership, acquired 7,120 acres of land as opposed to the 5,587 acres acquired by operators, not in partnership, returning to farming. Beginning operators in partnerships, where both partners were farming the land acquired for the first time, acquired slightly over 1,000 acres.

The beginning operators' principal competitors for land seemed to be established operators adding land to their farm units, exchanging some of their land for more desirable land, or moving to different farm units. Individuals returning to farming acquired a relatively small proportion of the released land. Landlords continuing farming, singly and in partnership with other operators, acquired approximately the same amount of land as they released. The land acquired by landlords continuing farming also represented only a small proportion of the total amount of land released. The

portions of Table II which list the land acquired by beginning operators do not reveal one rather significant item. As noted in a footnote appended to Table II, beginning operators were in partnership on 4,340 acres of land on which their partner had been a single operator the previous year (1955). Interviews of the beginning operators, as discussed in the following chapter, revealed that the greater portion of this land was owned or rented by members of the beginning operators' families who took the beginning operators into partnership with them. Thus, the beginning operators had a sizeable portion of land available to them that they did not have to compete for with the other types of operators. Further details concerning the family held land made available to beginning operators were revealed when the beginning operators were interviewed. These details appear in the following chapter.

Partnership Situations of Beginning Operators

The Spink County ASC office records, verified by local inquiry both verbally and by letter, yielded the names of 34 individuals who fit the description of a beginning operator as defined in the second chapter of this study. Two other beginning operators were discovered, as mentioned in Chapter II, through replies to letters sent to other beginning operators. Because these two operators were not listed in the ASC office records as farming any land (they were farming with their fathers and only their fathers' names appeared in the records), they did not get coded on the cards from which the information discussed in the present chapter is taken, but they were included in the interviews of beginning operators

and are discussed in Chapter IV.

Of the 34 beginning operators, 10 appeared to be in partnership (including two pairs of beginning operators in partnership with each other) while the remaining 24 appeared to be single operators. The majority of the 10 operators in partnership were related to their partner, as shown by the following breakdown:

| <u>Beginning Operators Relation to Partner</u> | <u>Number of Beginning Operators</u> |
|----------------------------------------------------|------------------------------------------|
| No relation | 3 |
| Son | 2 |
| Son-in-law | 1 |
| Brother | 2* |
| Cousin | 2* |

*Were beginning operators in partnership with each other.

Effects of Land Interchange on Farm Size

The 24 beginning single operators farmed a total of 7,120 acres while the 10 beginning partner operators farmed, in conjunction with their partners, a total of 5,380 acres. Table III lists, by ranges, the size of farm unit farmed by the beginning, partner and single operators.

A study of Table III reveals that the size of farm operated by beginning partner operators averaged larger than the size of farm operated by single beginning operators. When the two sets of beginning operators who were in partnership with each other are removed from consideration, the difference appears to be even greater, thus

Table III. Size of Farm Units - in Ranges - Farmed by Beginning Operators

| Size of farm unit | Number of Single Operators | Number of Partner Operators |
|--------------------|----------------------------|-----------------------------|
| 19.9 acres or less | | |
| 20-99.9 acres | 2 | |
| 100-179.9 | 11 | |
| 180-259.9 | 1 | 2* |
| 260-339.9 | 4 | 3* |
| 340-419.9 | | |
| 420-499.9 | 5 | |
| 500-579.9 | | |
| 580-659.9 | | |
| 660-739.9 | 1 | |
| 740-819.9 | | |
| 820-899.9 | | |
| 900-979.9 | | 2 |
| 980-1059.9 | | 3 |
| Total | 24 | 10 |

*Includes a pair of beginning operators farming in partnership with each other.

indicating that beginning operators who went into partnership with an established operator, in all instances but one, began farming on larger farms than did the beginning, single operators. The difference between the average size of farms operated by beginning single operators and those operated by beginning, partner operators is somewhat reduced in significance, however, by the fact that the beginning, partner operators must share the land they farm with their partner.

Table III reveals that almost one-half the farms operated by beginning, single operators were in the 100 to 179.9 acre range, and all but one of their farms appeared within ranges representing 499.9 acres or less. Table IV illustrates how (within size ranges) the size of farms operated by beginning operators compared with the size of farms operated by the established operators.

According to the figures listed in Table IV, the total numbers of established operators farm units in the various size ranges, climbed rather quickly to a peak total number in the 420 to 579.9 acre range and then gradually tapered off as the range sizes increased. The total number of units farmed by the beginning operators in the various size ranges, reached their peak total number in the 100 to 259.9 acre size range and then dropped quickly with only five beginning operator units (all were partner operated units appearing in the 900 to 1054.9 acre range) listed in a range size above 739.9 acres.

It was thought that established farm operators enlarging their farm units, and a general trend toward larger farm units was absorbing

Table IV. Size of Farm Units - in Ranges - Farmed by Beginning and Established Operators in 1956

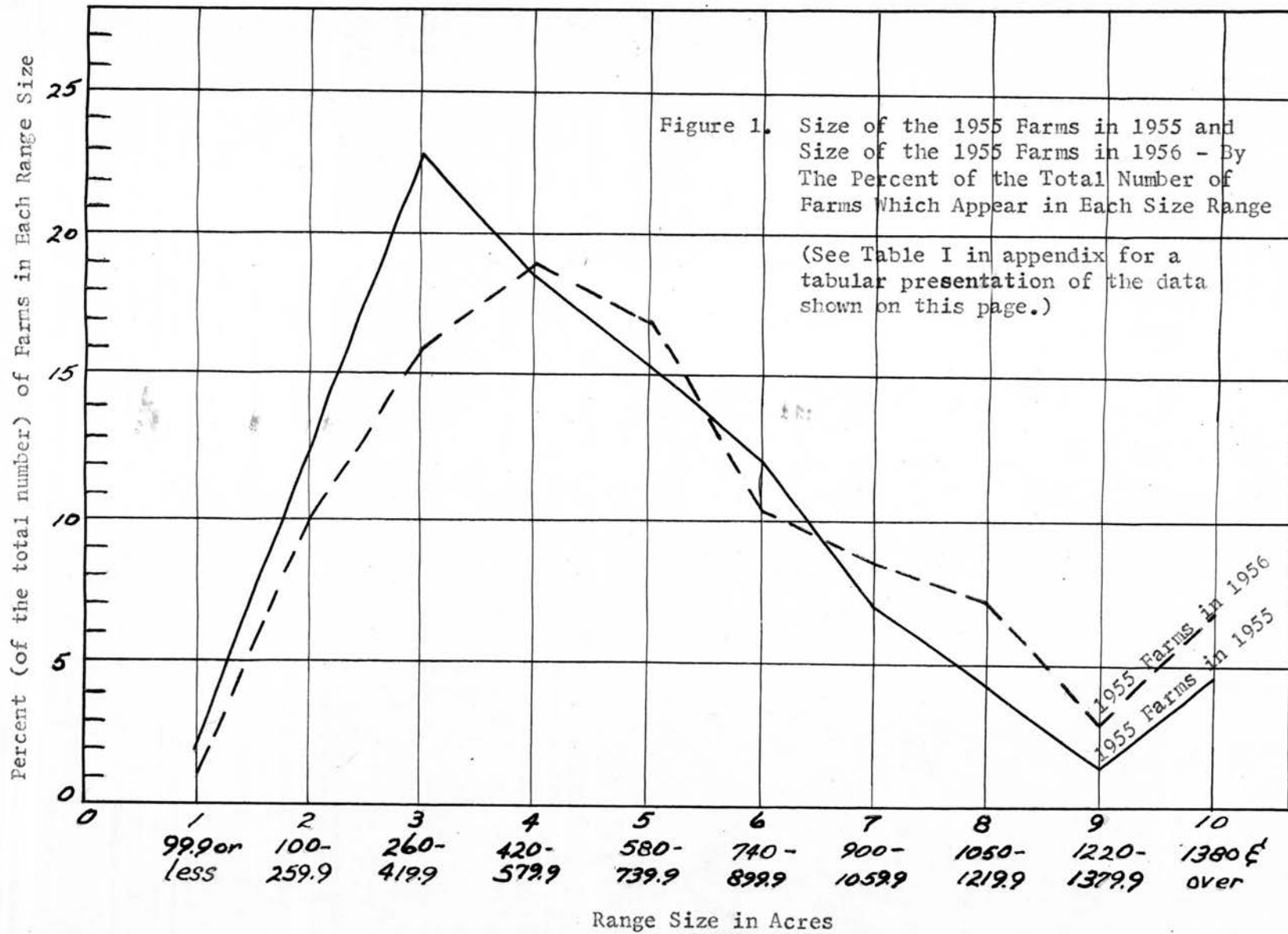
| Size of Farm Unit | Established Operators | | Beginning Operators | |
|---------------------|-----------------------|------------------|---------------------|------------------|
| | No. of Farm Units | Percent of Total | No. of Farm Units | Percent of Total |
| 99.9 acres or less | 3 | .7 | 2 | 6.3 |
| 100-259.9 acres | 50 | 12.2 | 13 | 40.6 |
| 260-419.9 | 66 | 16.1 | 6 | 18.8 |
| 420-579.9 | 78 | 19.0 | 5 | 15.6 |
| 580-739.9 | 75 | 18.3 | 1 | 3.1 |
| 740-899.9 | 40 | 9.8 | | |
| 900-1059.9 | 29 | 7.1 | 5 | 15.6 |
| 1060-1139.9 | 30 | 7.3 | | |
| 1140-1299.9 | 14 | 3.4 | | |
| 1300 acres and over | 24 | 5.9 | | |
| Unknown | 1 | .2 | | |
| Total | 410 | 100% | 32 | 100% |

land that otherwise might be available to beginning farmers. An effort was made to determine to what degree the trend toward farm enlargement existed in Spink County during the time period covered by this study. All farm units in the county which added and/or released land between 1955 and 1956, were grouped (within ranges - see Table V) according to their size, in 1955. A similar grouping, based on their 1956 size, was made for all the above mentioned farm units which still maintained their identity as farm units in 1956.

Table V. Net Gain or Loss-By Size Ranges-in Number of All 1955 Farm Units Compared with 1955 Farm Units Retaining Their Identity in 1956

| Size Ranges | No. of units all 1955 units | No. of 1955 units retaining their identity in 1956 | Net gain or loss in no. of units |
|---------------------|-----------------------------------|----------------------------------------------------------|----------------------------------------|
| 99.9 acres or less | 7 | 3 | -4 |
| 100-259.9 acres | 53 | 35 | -18 |
| 260-419.9 | 97 | 57 | -40 |
| 420-579.9 | 80 | 66 | -14 |
| 580-739.9 | 62 | 59 | -3 |
| 740-899.9 | 54 | 37 | -17 |
| 900-1059.9 | 30 | 30 | 0 |
| 1060-1219.9 | 19 | 25 | +6 |
| 1220-1219.9 | 6 | 10 | +4 |
| 1380 acres and over | <u>20</u> | <u>24</u> | <u>+4</u> |
| Total Farm Units | 428 | 346 | -82 |

Table V lists the results of the groupings in terms of the net loss or gain in the number of farm units in each size range between 1955 and 1956. Because several of the 1955 farm units were broken up and did not retain their identity as farm units in 1956, Table V lists a smaller total number of farms being measured for size in 1956 than in 1955. Figure 1 illustrates the change in the size of the farms listed in Table V by means of graph lines based on the percent of the total number of farms which appeared in each size range in each year.



A study of Table V reveals that each of the size ranges up to and including the 740-899.9 acre range suffered a net loss in number of farm units between 1955 and 1956. The number of farm units in the 900 to 1959.9 acre range remained the same in both years while in each of the size ranges larger than 1059.9 acres, there was a net gain in number of farm units from 1955 to 1956. The gain in the number of farms in the larger size ranges would seem to indicate that farm size was increasing.

It was thought that the majority of the 82 farm units which were present in 1955 but did not retain their identity in 1956 were in the smaller size groups in 1955. It is less difficult for a small farm to be broken up and lose its identity than would be the case for a larger farm unit assembled at great cost of time and effort by its operator. It was thought that the two factors of disappearing farm units and new farm units appearing in 1956 (which, by virtue of their being new units, would also probably tend toward the small size ranges) would, if introduced into Table V and Figure 1, raise the number of 1956 farm units appearing in the smaller size ranges. Subsequent measurement of all the 1956 units involved in this study, as shown in Table VI (including new units appearing in 1956) by placing them in size ranges, lent proof to the above estimates.

Although the net gain and loss in the number of farm units within size ranges was more irregular when all 1956 units were compared for size with all 1955 units, the figures still seemed to indicate a trend toward larger size farms (see Tables V and VI).

Table VI. Net Gain or Loss-by Size Ranges-in Total Number of Farm Units Between 1955 and 1956

| Size Ranges | No. of units all 1955 units | No. of units all 1956 units | Net gain or loss in no. of units |
|---------------------|--------------------------------|--------------------------------|-------------------------------------|
| 99.9 acres or less | 7 | 5 | -2 |
| 100-259.9 | 53 | 63 | +10 |
| 260-419.9 | 97 | 72 | -25 |
| 420-579.9 | 80 | 83 | +3 |
| 580-739.9 | 62 | 76 | +14 |
| 740-899.9 | 54 | 40 | -14 |
| 900-1059.9 | 30 | 34 | +4 |
| 1060-1219.9 | 19 | 30 | +11 |
| 1220-1379.9 | 6 | 14 | +8 |
| 1380 acres and over | <u>20</u> | <u>24</u> | <u>+4</u> |
| Total Farm Units | 428 | 441 | +13 |

Thus, many beginning operators might have found that land which would otherwise have been available to them was absorbed by established operators expanding the size of their farm units.

CHAPTER IV

ANALYSIS OF DATA OBTAINED FROM INTERVIEWS OF FARM OPERATORS

Interview Procedure

Of the 36 individuals discovered to have begun farming in Spink County in 1956 (including the two beginning operators not listed in the ASC office records but discovered through another source), 27 were still farming in June, 1957. Local ASC committeemen reported that four of the beginning operators had quit farming and moved out of the county, two had quit farming and remained in the county, and three were in military service. All of the beginning operators who were still farming in Spink County in June, 1957, were contacted at that time by interviewers using questionnaires designed to obtain information about the major problems facing the beginning operators. Only one operator declined to cooperate with the interviewers. The two beginning operators who had quit farming but who were still living in the county were also interviewed and both consented to complete the same type of questionnaire completed by the other operators.

In an effort to determine to what degree the problems of beginning operators were peculiar to them, and to what degree these problems might be felt by other farm operators, the same type of questionnaire completed for the beginning operators was completed for an equal number of established operators (28) who had acquired some farm land in 1956. The information obtained from the two beginning operators who quit farming in 1956 is based on their

farming situation as it was in 1956, while portions of the same type of information obtained from the other beginning operators applies to their 1957 farming situations. In instances where this time difference might have a distorting effect on the data being measured, the information obtained from the two beginning operators is not included in the discussion and tables but appears in a separate section near the end of this chapter.

Personal Histories of Operators Interviewed

The 26 beginning operators who were still farming in 1957 ranged from 17 to 27 years in age. The average age was slightly less than 23. Only 15 of the beginning operators were married. Only twelve had been in the service, five others had joined the national guard, and one operator was not eligible for military service. Of the remaining eight operators still to be called up for military service, four of them felt that their impending military obligations limited the expansion of their farming operations. Only two of the beginning operators had not made a farm their home since birth. Both of these operators were raised on a farm but one was a full time carpenter in town for two years and the other surveyed land for a government bureau for six years. Only six of the beginning operators had done some part-time non-farm work.

The 28 established operators who were interviewed ranged from 27 to 58 years in age, and the average age was slightly less than 43. Only one of the established operators was not married. Four of the established operators had been in the military service, the remaining 24 operators were ineligible for service because of age or other

reasons. All of the established operators were raised on a farm and only four had spent any appreciable time in non-farm work. Of these four men, one had worked as a mechanic for five years, one ran a blacksmith shop for four years, one spent eighteen years driving an oil transport and carpentering, and one spent eight years driving a truck and working in a hardware store.

Data Regarding Land Farmed by the Operators Interviewed

Temporal Farming History of Land Farmed by the Operators

Disregarding partnerships and the various combinations of family interests, Table VII illustrates the various groups into which the land farmed by beginning and established operators divided itself by temporal farming history. The table is concerned with the land situation of the operators at the time the interview was taken.

Land Shared With Others by Beginning Operators

The vastly greater acreage acquired by the beginning operators over that acquired by established operators since 1956 may be accounted for to some degree by the fact that a beginning farmer must seek to acquire enough land to provide him with an entire farm while the established operator is usually only adding some land to his old farm unit. Another factor, however, is present which also influences the accumulation of land by beginning operators and diminishes to some degree the apparent difference between the total amount of land acquired by beginning and established operators. This factor is the greater degree to which beginning operators share their

Table VII. Land Farmed by Beginning and Established Operators,
at the Time of Interview-by Temporal Farming History

| Temporal farming history of land | 26 Beginning operators acres | 28 Established operators acres |
|----------------------------------------------------------|------------------------------------|--------------------------------------|
| Farming rented land farmed previous to 1956 | | 8,590 |
| Farming owned land farmed previous to 1956 | | 9,488 |
| Farming rented land farmed only since 1956 and after* | 13,133 | 3,640 |
| Farming owned land farmed only since 1956 and after | 480 | 2,560 |
| Total acres farmed at time of interview | 13,613 | 24,278 |

*In the case of beginning operators includes land owned by relatives in which the beginning operators may be given a share. Such land will be referred to in a similar manner in all following tables except where a distinction is necessary.

land with partners, which in effect diminishes their control over the land and the returns they receive from it. The word "share" when used in reference to cases where the land is owned by the beginning operator's partner is slightly ambiguous in that although the beginning operator may claim to have a particular share in the land, often no legal steps have been taken to insure the beginning operator's interest. Often the beginning operator's only contribution to a farming share arrangement, where a share of the land is (at times rather vaguely) included in the agreement, is his labor and perhaps a few pieces of machinery. The land involved may be entirely the contribution of the non-beginning partner.

Of all the land farmed by the established operators only 320 acres was in partnership, one operator farming 160 acres of rented land in a 50-50 partnership with his son and another operator farming 160 acres of rented land in a 50-50 partnership with an unrelated person. Of the 480 acres owned outright by the beginning operators, 160 acres were held in a one-third share by the beginning operator with his father retaining a two-thirds share.

As shown in Table VIII the beginning operators had incomplete shares of nearly 44 percent of the land they farmed. The remaining share in the land was held, in all cases, by relatives of the beginning operator. These figures indicate that many beginning operators make their initial start in farming by operating on land

Table VIII. Beginning Operators Share in Rented Land Farmed in 1957

| Beginning operator's share of land | Acres | Percent of total | Has remaining share - acres | | | |
|------------------------------------|---------------|------------------|-----------------------------|---------------|--------------|------------|
| | | | father | father-in-law | brother | cousin |
| Operator has entire share | 7,413 | 56.4 | | | | |
| Operator has 1/2 share | 2,480* | 18.9 | | 960 | 1,280 | 240 |
| Operator has 1/3 share | 1,320 | 10.1 | 1,320 | | | |
| Operator has 1/4 share | 1,920 | 14.6 | 1,920 | | | |
| Total | 13,133 | 100% | 3,240 | 960 | 1,280 | 240 |

*Includes 320 acres farmed in partnership by two brothers who are both beginning operators and 240 acres farmed in partnerships by two cousins who are both beginning operators.

which was already part of a farm unit held by relatives or that the relatives expand their existing farm units to accommodate the beginning operators entrance into farming. Combinations of the two situations may also occur. Table IX, using a slightly different perspective, that of the present operators estimate of why the previous operator gave up all or partial control of the land, lends support to the proposition that family help is one of the prime factors influencing the acquisition of land by beginning operators.

Operator's Estimate of Reason Previous Operator Released the Land

Allowing for the fact that, in making their estimates of reasons why the previous operator gave up the land, the present operators may have had to choose the predominant reason among one or more related reasons and were sometimes hampered by imperfect knowledge of the situation, it is still apparent that the beginning operators relied heavily on their families to supply the land they needed to begin farming. The established operators' major single source of land was the land they bought. It is interesting to note that during the course of the study two of the beginning operators mentioned that they had desired to acquire two pieces of land totaling 640 acres which were especially well located to complement their existing inadequate farm units, but that they could not acquire the capital to buy the land and it was sold to established operators who could.

Family Relationship Between Operators and Landlords

Exploring further the importance of family help to beginning operators who are attempting to acquire land, the question arises,

Table IX. 1957 Operator's Estimate, on Land Acquired in 1956 and After, of Why the Previous Operator Gave Up the Land

| Previous operator's reasons for giving up land | 26 Beginning operators acres | 28 Established operators acres |
|---------------------------------------------------|------------------------------------|--------------------------------------|
| To start son in farming | 3,160 | |
| Retired | 1,940 | |
| Quit farming | 1,680* | 160 |
| To start son-in-law in farming | 1,600 | |
| Was unsatisfactory to landlord | 1,400 | |
| Land bought by relatives of present operator | 920 | |
| Reason not given | 793 | 1,200 |
| Deceased | 360 | 160 |
| Went to military service | 320 | |
| Land was sold to present operator | 480 | 2,160 |
| Land was idle - no tenant | 320 | |
| Reducing farm size | | 640 |
| Moved to a better farm | | 480 |
| Land too far from operating Hdq. | | 640 |
| Miscellaneous | 640 | 760 |
| Total | 13,613 | 6,200 |

*The wide difference between the number of acres given up by operators who quit farming as acquired by beginning and established operators may in part be explained by the fact that 820 acres of this land acquired by beginning operators was given up by their fathers and which they did not consider as primarily given up to start them in farming.

what part of the land farmed by beginning operators is owned by their relatives, either entirely or in partnership with the beginning operators. Without attempting to show what part of the land may be shared in ownership with the beginning operator, Table X divides the land farmed by beginning operators into groups of landlords according to their relation or lack of relation to the operator. A similar breakdown is made for all the rented land farmed by the established operators to provide a basis for comparison.

It may be noted in Table X that 47 percent of the land farmed by the beginning operators is owned by related landlords, the fathers of beginning operators leading by a considerable margin. Only 28.6 percent of the land rented by established operators is owned by related landlords with the category "other relatives," exceeding "father," "mother," and "father-in-law." Some of the difference

Table X. Relation of Beginning and Established Operators to Their Landlords on Rented Land Farmed in 1957

| Relation to Landlord | 26 Beginning Operators | | 28 Established Operators | |
|----------------------|------------------------|------------------|--------------------------|------------------|
| | Acres | Percent of total | Acres | Percent of total |
| No relation | 6,953 | 53 | 6,730 | 71.4 |
| Father | 2,820 | 21.5 | 1,500 | 12.3 |
| Mother* | 1,280 | 9.7 | 160 | 1.3 |
| Father-in-law | 1,280 | 9.7 | | |
| Other relatives | 800 | 6.1 | 1,840 | 15.0 |
| Total | 13,133 | 100% | 12,230 | 100% |

*All widows of farm operators.

between the amount of family land rented by beginning and established operators may be accounted for by the movement of land originally rented from the family by the established operator into his personal ownership through inheritance or buying out of family interest in this land. The same factor, higher average age of the established operator over the beginning operator, would help explain the higher percentage of land rented from "other relatives" by the established operators. Uncles, older brothers, etc. or their widows withdrawing from farm operatorship would probably be inclined to rent their land to a family member who was still actively farming. Not as many of the relatives of beginning operators, particularly brothers, have reached an age where they are forced by reduced physical capabilities to withdraw from farming.

Types of Family Help Used by the Operators in Obtaining Farm Land

It was thought that family help to the beginning operator in obtaining land probably extended beyond actual contributions to him of family held land. Both the beginning and established operators were questioned about the amount and type of family help they had in getting the land they had acquired in 1956 and after and were still farming. Table XI gives a breakdown of the answers.

A study of Table XI reveals that of the land farmed by beginning operators, aside from that actually owned or rented by their relatives, the beginning operators considered their relatives acquaintance with the landowner to be the primary factor enabling them to obtain 2,193 acres. This acreage represents nearly 31.9 percent of the land not owned or rented by the beginning operator's

Table XI. Amount (by Acres) and Type of Family Help Beginning and Established Operators Had in Obtaining Land Farmed in 1937 That Was Acquired in 1936 or After

| How land was obtained | 26 Beginning operators acres | 28 Established operators acres |
|--------------------------------------------------------------------|------------------------------------|--------------------------------------|
| <u>Through family help</u> | | |
| Used land owned by parents | 4,100 | 320 |
| Used land rented by parents | 440 | |
| Used land owned by other relatives | 2,080 | 480 |
| Obtained land through rela- tives acquaintance with landlord | 2,193 | |
| Inherited land | | 400 |
| <u>Self obtained</u> | | |
| Personal acquaintance with landlord | 4,640 | 2,160 |
| Through a friend who knew the landlord | | 280 |
| Knew the land agent | 160 | 320 |
| Highest bidder when sold | | 800 |
| Contacted insurance company that owned | | 320 |
| Wrote to absentee landlords | | 480 |
| No reply | | 640 |
| Total acres | 13,613 | 6,200 |

relatives. The established operators, on the other hand, seemed to have acquired no land through this method but relied mainly on personal contacts with the landowners when securing land.

The beginning operators claimed to have acquired a fairly considerable acreage through personal acquaintance with the landowners. Hidden within this category, however, may be a large acreage which the beginning operators would not have acquired had the landowner not felt that the beginning operator's family was willing and able to provide whatever mechanical equipment, and managerial ability the beginning operator lacked to insure successful operation of the land.

Measurement of the amount of managerial help contributed to the beginning operator by his family was not possible but questions were asked to determine to what degree the beginning operators made use of family equipment and buildings in their farming operations. Of all the beginning operators interviewed, including the two who farmed in 1956 only, there were only four beginning operators who did not make use of family equipment and buildings in their farm operations. These four operators farmed 1,520 acres of the total 14,093 acres. Two of these four operators got their start with the help of established, unrelated landlords, another through the Farmers Home Administration and the fourth by doing custom farm work.

Of the 28 established operators interviewed and representing 24,278 acres farmed, none of them shared farm buildings with their relatives and only two, farming a total acreage of 1,680 acres,

claimed to have a machinery sharing agreement with relatives. Again family help seems to be a very significant factor in getting beginning operators started in farming.

Occupations of the Operator's Landlords

In an effort to determine from what occupational groups of landowners the beginning operators were most successful in acquiring rented land and to learn to what degree their successes differed from that of established operators, both types of operators were asked to describe their landlords by occupational groups. The results of this question appear in Table XII.

Table XII. Occupation of Landlords of Beginning and Established Operators, in Acres by Groups

| Occupation of landlord | 26 Beginning Operators | | 28 Established Operators | |
|------------------------------------|------------------------|------------------|--------------------------|------------------|
| | Acres | Percent of total | Acres | Percent of total |
| Businessman | 1,760 | 13.4 | 1,840 | 15.0 |
| Non-farm wage earner | 160 | 1.2 | 640 | 5.2 |
| Estates, other than farmer's widow | 1,520 | 11.6 | 4,400 | 36.0 |
| Farm operator's widow | 1,280 | 9.8 | 480 | 4.0 |
| Organizations and agencies | 120 | 0.9 | 560 | 4.6 |
| Retired farmer | 3,293 | 25.1 | 2,650 | 21.6 |
| Active farmer | 4,680 | 35.6 | 1,660 | 13.6 |
| Farmer who quit, not retired | 320 | 2.4 | | |
| Total | 13,133 | 100% | 12,230 | 100% |

The two primary occupational groups of landlords renting land to beginning operators are the active and retired farmers. When the amount of family owned land farmed by beginning operators is taken into consideration, as shown in Table X earlier in this chapter, the predominance of these two groups is understandable because most of the beginning operators' related-landlords were either active or retired farmers.

Beginning Operators Statements of Obstacles They Faced When Beginning Farming

The beginning operators (including the two who quit farming in 1956) were asked to state what, in their opinion, were the greatest obstacles they encountered when attempting to begin farming. Their answers fell into the following groups:

| <u>Obstacle</u> | <u>No. of Operators</u> |
|--------------------------------------------|-------------------------|
| No obstacles, all avoided with family help | 8 |
| Lack of money (only) | 9 |
| Could not get enough land (only) | 6 |
| Lack of land and money both | 2 |
| High general farm costs | <u>3</u> |
| Total | 28 |

According to the answers of the beginning operators, the primary obstacles they faced when starting farming seemed to fall largely into two groups, lack of money and inability to acquire land. In relation to this felt need for more land by beginning operators, those who were still farming in 1957 were asked to state how much more land they felt that could and would make use of if it were available. The established operators were also asked the same

question to provide a basis for measuring to what extent the felt need to expand farm size was peculiar to beginning farm operators.

The following results were obtained:

| | <u>No. Beginning Operators</u> | <u>No. Established Operators</u> |
|-----------------------------------------|------------------------------------|--------------------------------------|
| Needed no more land at present | 13 | 20 |
| Needed 160 acres or less | 7 | 4 |
| Needed over 160 but less than 400 acres | 2 | 4 |
| Needed over 400 acres | <u>4</u> | — |
| Total | 26 | 28 |

If we consider the answers of the established operators as representative of the total population of established operators, the evidence would seem to indicate that the felt need for land was more acute among beginning operators than might be normally expected in the general felt need of farmers to expand their farm size.

Use of Credit by Operators Interviewed

Going from the land problems to the farm finance problems of beginning farmers, considered by these operators as their two major obstacles when beginning farming, the operators were asked questions concerning their use of credit in the years 1955, 1956, and 1957. The year 1955 was included because some beginning operators borrowed money to finance their preparations for beginning farming the next year. It must also be remembered that the interviews were conducted in June, 1957, and some operators had not completed their borrowing operations for that year.

Six beginning operators stated that they borrowed exclusively from their families and declined to give any details. The remaining 22 beginning operators borrowed \$82,421 from January 1, 1955, to the time they were interviewed. Table XIII lists the sources from which they obtained this money and the amount they obtained from each source. A comparative list is made of sources of credit used by the established operators during the same period in an effort to determine, in general, to what degree their sources differ from those of beginning operators. Only 24 established operators are included in the table as three established operators stated that they used no credit at all and a fourth operator declined to give any information about his use of credit.

Sources of Credit

The information listed in Table XIII would seem to indicate that banks were the greatest single provider of credit to the beginning operators interviewed, with merchant credit and loans from parents following closely in second and third place.

Two factors were present which might tend to affect the relative position held by loans from parents. Had the six beginning operators, who used family credit exclusively, reported the amount of credit they used, the figure in Table XIII reporting the amount of money borrowed from parents might have been raised considerably. The second factor which might make the figure reporting the money borrowed from parents misleading is that, of the total \$18,300 reported, \$12,000 was borrowed by a single beginning operator.

The beginning operators used merchant credit to a much

Table XIII. Credit Used by Beginning and Established Operators From January 1, 1955, to June of Interview-by Source

| Source of Credit | Amount of Credit Used | | | |
|-----------------------------------|----------------------------------|---------------------|-------------------------------------|---------------------|
| | 22 Beginning Operators Amount | Percent of total | 24 Established Operators Amount* | Percent of total |
| Banks | \$27,175 | 33.0 | \$110,850# | 44.7 |
| Merchants | 22,100 | 26.8 | 4,000# | 1.6 |
| Parents | 16,300 | 22.2 | 9,500 | 3.8 |
| Farmers Home Administration | 9,250 | 11.2 | 10,800 | 4.4 |
| Commodity Credit Corporation | 5,596 | 6.8 | 54,040# | 21.8 |
| Federal Land Bank | | | 21,950# | 8.9 |
| Owners of land bought by operator | | | 36,550 | 14.8 |
| Total | \$82,421 | 100% | \$247,690 | 100% |

*Also includes remainder of loans carried over from previous years.

#One operator using this source of credit did not state amount of credit used.

greater extent than did the established operators. It is thought that the primary reason for this is that the beginning operators, in starting farming, had to buy more machinery, use of family equipment notwithstanding, than did the established operators whose principal machinery purchases would be for replacement of worn out equipment. Questioning of the beginning operators revealed that the major portion of the machinery they purchased was acquired from merchants. Some proof of the greater purchase of machinery by beginning operators relative to the amount purchased by established operators may be

found in Table XIV which reports the purposes for which credit obtained by beginning and established operators was used. Equipment purchase accounted for over one-half the credit used by beginning operators while it represented only a very minor portion of the credit used by established operators.

Credit obtained from individuals and organizations from whom the operator bought land made up almost one-fourth of the total credit obtained by established operators while the beginning operators bought very little land (480 acres in all) and those who did were in the non-reporting group. Established operators seemed to have made greater use of credit from the Commodity Credit Corporation, the Government agency making loans to farmers on their sealed grain, than did the beginning operators (6.8 percent of the total credit used by beginning operators as opposed to 21.8 percent for the established operators). The difference may be largely explained by the fact that the established operators were getting their yields of grain from a much greater total acreage than the beginning operators and few had to share their yields with partners, as many of the beginning operators did. Having a greater proportion of owner operated land than the beginning operators, the established operators had to give up proportionately less grain through crop share arrangements with landlords. All of these factors would tend to leave the established operator with more grain than the beginning operators would have on which to borrow money.

The fact that only 22 beginning operators as opposed to 24 established operators reported the amount of credit they used during

Table XIV. Purpose for Which the Beginning and Established Operators Intended to Use the Credit When They Acquired It

| Use for which credit was intended | 22 Beginning operators | | 25 Established Operators | |
|-----------------------------------|------------------------|------------------|--------------------------|------------------|
| | Amount | Percent of total | Amount | Percent of total |
| Equipment | \$46,548 | 56.5 | \$ 7,350 | 3.0 |
| General farm expenses | 28,713 | 34.8 | 150,240 | 60.6 |
| Livestock purchase | 5,660 | 6.9 | 4,450 | 1.8 |
| Family living | 1,500 | 1.8 | 10,900 | 4.4 |
| Land purchase | | | <u>74,750</u> | <u>30.2</u> |
| Total | \$82,421 | 100% | \$247,690 | 100% |

a period of approximately 2 1/2 years does not nearly account for the extra \$165,264 of credit used by established operators over that used by beginning operators. Most of the difference can be explained by:

(a) less borrowing by beginning operators in 1955 as they had not fully begun farming yet, (b) the greater total acreage farmed by established operators requiring more money for farming expenses, (c) the partnership arrangements of beginning operators shifting part of the expense burden to their partners, and (d) non-monetary forms of family assistance to beginning operators which helped minimize their expenses.

Purposes for Which Credit Was Used

The purposes for which the beginning and established operators used the credit they obtained, as shown in Table XIV, fall into four rather specific categories and one very general category.

Equipment purchase, as previously mentioned, was given as the

intended purpose for which over one-half (56.5 percent) of the credit acquired by the reporting beginning operators was to be used. The reason why established operators intended to apply a much smaller percentage of their total credit to this purpose has also been mentioned in a previous section.

General farm expenses, the category listing credit used by reporting operators which they could not allocate to any single major intended purpose, represented the second largest category for beginning operators and the largest for established operators. The primary reason that the majority of the credit used by established operators (60.6 percent) is found in this category might be because the established operators, having proved their management ability, were probably less subject to credit supervision by lenders interested in protecting their investment. If this were the case, the established operators would not be required, as often as the beginning operators, to prove to the lenders that they had a specific purpose for which they intended to use a loan. Thus, the established operators could borrow one sum to cover a multiplicity of purposes while the beginning operator might more often have to allocate his borrowed money to a specific use.

Livestock purchase did not represent a large enough expenditure of credit funds by either beginning or established operators to yield any significant information.

Credit used for financing family living represented credit used for items not affecting farm productivity. The amount of credit used for this purpose by both beginning and established operators

represented a very minor portion of the total amount of credit used. Many of the beginning operators lived with or near their families and could take advantage of non-monetary family help in the form of housing, food and gifts which would help reduce their living expenses. Secondly, the beginning operators probably found, either voluntarily or through pressure from their lending source, that to acquire the production materials necessary to insure successful farm operation they had to accept a lower standard of living temporarily by applying as much of their capital as possible to production items rather than consumption items. The established operators already having the greater share of their production materials would not be quite as tightly restricted in their spending for non-production items.

Land purchase credit was the second most important item in the reported purposes for which established operators used their credit. It represented 30.2 percent of the total credit they used. The beginning operators purchased only 480 acres of land and none of these purchasers were in the credit reporting group so no figures were available for study.

Interest Rates on Credit Used

Both beginning and established operators were asked what interest rates they were required to pay on their loans. The great variation in loan sources, purposes for which loans were acquired, types of collateral used, and length of time loans were in effect, all of which affect interest rates, make it virtually impossible to present a graphic or tabular categorization of the information regarding interest rates paid by beginning and established operators.

It was discovered, when compared with the interest rates paid by established operators that, family source credit excluded, a slightly greater percentage of the total credit used by beginning operators was in the higher interest rate groups.

Improvements in Loan Terms Desired

The beginning and established operators were next asked to state what improvements could have been made in the terms of their loans. The question yielded the following results:

| <u>Improvements operators wanted in their loans</u> | <u>Beginning operators No. of oprs.</u> | <u>Established operators No. of oprs.</u> |
|------------------------------------------------------------|-------------------------------------------------|---------------------------------------------------|
| Used no credit | | 3 |
| Made no suggestions regarding improvements | 12 | 14 |
| Merchant credit | | |
| 1. interest rate (7%) should be lower | 1 | |
| 2. interest rate (8%) should be lower | 5 | |
| Bank credit | | |
| 1. needed larger loan to operate efficiently | 2 | |
| 2. interest rate (7%) should be lower | 1 | 2 |
| 3. interest rate (8%) should be lower | 5 | 7 |
| 4. payments should be variable, allow for crop failures | 1 | |
| Farmers Home Administration Credit | | |
| 1. more freedom in management of funds | 1 | 1 |
| 2. needed larger loan to operate efficiently | | 1 |

Approximately one-half of both the beginning and established operators seemed to be satisfied with the terms under which they borrowed money. The predominant complaint offered by both the beginning and established operators who were not satisfied was that the interest rates they were required to pay (7 and 8 percent) were too high.

Limits on Credit Used

An effort was made to determine what internal and external factors tended to limit the amount of credit beginning and established operators used. The members of both groups were asked to state the principal reason why they had not used more credit. Their replies yielded the following results:

| <u>Reason operator did not use more credit</u> | <u>Beginning operators</u> No. of oprs. | <u>Established operators</u> No. of oprs. |
|------------------------------------------------|--------------------------------------------|----------------------------------------------|
| Did not need any more credit | 7 | 5 |
| Disliked going further into debt | 7 | 1 |
| Did not need to use any credit | | 3 |
| Lack of security prevented using more | 5 | 2 |
| Risk was too great | 1 | |
| No comment given | 7 | 11 |
| Interest rates were too high | 1 | 4 |
| Repayment terms were too severe | | 1 |
| Did not want to risk bank refusal | | 1 |

One fourth of the beginning operators reported that their credit needs were satisfied. A slightly smaller proportion of the total number of beginning operators (5 out of 28) either felt or had

actually found out through attempting to acquire more credit that they could not fulfill the necessary security requirements. Another one-fourth of the beginning operators reported that they did not want to accept a greater debt load. Only one established operator reported this last reason as being the principal factor limiting the amount of credit he used.

It is thought that two factors might largely account for more beginning operators than established operators reporting a dislike for going further into debt as the principal element limiting the amount of credit they used. In many instances the amount of borrowed funds used probably represent a greater proportion of the beginning operators total assets than is the case for most established operators. Thus, the beginning operator is more conscious of his debt burden and desirous of keeping it as light as possible. Secondly, many beginning operators have not yet had enough farming experience to give them confidence in their ability to manage a farm profitably. Should they fail they want their experience to cost them as little as possible.

Personal History of the Two Operators Who Quit Farming

One of the two beginning operators who quit after farming only one year but who still lived in the county, had farmed 320 acres rented from a non-related retired farmer who still lived on the farm. The beginning operator was 24 years old, had completed 8 years of formal schooling and 24 months of military service, was married and had one child. He had worked for two years for a construction company before beginning farming but except for this interlude, he had lived

on the family farm since birth. The beginning operator had farmed the land by himself but had used his father's machinery and got most of his financing from his father during the year he attempted to begin farming. This operator felt that being partially hauled out and the poor farm cost-price ratio were the primary reasons he failed to make a success of farming. He has returned to construction work.

The other beginning operator who quit farming told the interviewer that he farmed 80 acres rented from a non-related active farmer and 80 acres from the widow of a non-related farmer. Both landowners lived within a few miles of the land. He was 21 years old, had completed 12 years of formal schooling, was in the national guard, and was married but had no children. He had worked for a construction company for a few months before beginning farming but had lived on the family farm from birth till the time of his marriage in 1957. This beginning operator farmed the land by himself but used his father's equipment and got some financing from his father. He also borrowed a little money from a bank. This beginning operator stated that poor crop-yields caused by dry weather and the difficulty of finding land for rent that had suitable buildings were the two primary causes of his quitting farming. He has returned to construction work temporarily but has made arrangements with a retiring farmer to rent 480 acres next year (1958) and to use the farmer's machinery, gradually buying the machinery over a period of years.

CHAPTER V

SUMMARY AND CONCLUSIONS

Summary of Land Interchange Data

Measurement of the amounts of land released and acquired by the various types of farm operators, in Spink County between 1955 and 1956, were made in an effort to determine the ways in which the exchanges of land might have affected the availability of land to beginning farm operators. Examination of the county ASC office records and verbal and written communications with local ASC committeemen and some of the individual farmers concerned resulted in identification of the land and of the farmers involved in the exchanges of land. The individual farmers were classified by status, tenure and size of farm and the information was placed on IBM cards to permit mechanical sorting.

It was found that tenant single operators continuing farming in the county both released and acquired a larger amount of land than any other type of operator. (As in Chapter III, the terms "tenant operator" and "owner operator" refer only to the operator's tenure on individual tracts, not on the entire farm.) Farm operators quitting farming released the second largest amount of land, with retiring farmers, deceased farmers and others each releasing relatively small amounts of land. The beginning operators (none were listed as owners) acquired the second largest amount of land, far less in total acres than was acquired by the tenant single operators, but nearly equaling the net gain in acres acquired over acres given up

by established tenants. Owner operators continuing farming suffered a slight net loss in acres acquired over acres released. Tenants and landlords returning to farming each acquired small amount of land. The beginning operators' principal competitors for land seemed to be operators adding land to their farm units by renting additional tracts, exchanging some of their land for more desirable land, or moving to different farm units. Beginning operators also acquired a sizeable acreage by being into partnership with individuals (usually relatives) on land these individuals had farmed as single operators the year before (1955). Of the 34 beginning operators studied, 10 were discovered to be in partnership. In most cases, the farms beginning operators held in partnership with established operators were considerably larger than the farms held by beginning single operators. The farms of the beginning operators were generally of a smaller average size than the farms held by the established operators.

It was found that the farms involved in land changes in Spink County between 1955 and 1956 and which still retained their identity as farm units in 1956, had shown a marked trend toward net increases in size. It appears that the general increase in farm size absorbed some land which might otherwise have been available to beginning operators.

Summary of Operator Interview Data

Of the 28 beginning operators and 28 established operators interviewed, all had a farm background and most of them had made a farm their home since birth. Family owned and family rented land

provided to the beginning operators proved to be the most important sources of land used by beginning operators. Family acquaintance with individuals having land for rent also helped beginning operators acquire farm land. When measured by occupational groups, the beginning operators' landlords proved to be predominately retired farmers and active farmers. The majority of the beginning operators felt that lack of available farm land and lack of money were the major obstacles they faced when beginning farming. At the time they were interviewed, however, at least one-half of the beginning operators felt they had enough land for the time being.

Banks were the greatest source of credit for both beginning and established operators. Beginning operators also relied heavily on merchant and family credit. Beginning operators used less credit proportionately, than did the established operators. Beginning operators used a large amount of credit for equipment purchase while established operators used very little credit for this purpose. The beginning operators' second largest allocation of credit funds was for general farm expenses and represents a relatively large portion of the total credit they reported using. This category represented the largest expenditure of credit funds by established operators. Approximately one-half of both the beginning and established operators were satisfied with the terms under which they borrowed money. In both groups, the majority of those who reported themselves not satisfied listed high interest rates as the source of their dissatisfaction. When asked why they had not used more credit, about equal numbers of the beginning operators had no comment, said they didn't need any more,

or replied that they disliked going any further into debt, while a few others either felt or had found out from trying to borrow more, that they lacked the security necessary to acquire more credit.

General Conclusions

The trend toward larger farm units and the consequent absorption of land by the growing units would seem to indicate that increased competition for land added to the problems of beginning operators. Having little capital and limited farming experience, the beginning operators found themselves in a poor bargaining position when attempting to acquire land. Beginning operators bear the additional problem of having to acquire entire farms while the majority of the established operators are only adding land to their existing farm units. To further compound the beginning operators' difficulties, the trend toward larger farm units would also seem to indicate that the beginning operators will find it necessary to amass larger acreages than has been the case in the past in order to take advantage of the economies of large scale operation. Some of the beginning operators directly stated that they felt that the farm cost-price ratio presented the biggest difficulty they faced when beginning farming. The unfavorable cost-price ratio and the competition for land are not problems unique to beginning farmers but are felt by established operators as well. The difference is one of degree. Established operators, by virtue of their greater farming experience and often holding a greater degree of equity in their farm business than is typical of beginning operators, are better able to withstand adversity of greater intensity and longer duration than can

the beginning operators. By the same token, an established operator who has the better part of his life and fortune tied up in farming finds it more difficult to give up farming and seek work in other fields than do beginning operators.

Beginning operators seemed to be more handicapped in their borrowing by a lack of security than was the case for established operators but both types of operators complained of interest rates being too high. In general, the credit problems, as the other problems of the beginning operators, differed more in degree than in type from the problems of the established operators.

Family help seemed to be the principal factor assisting the beginning operators in getting started in farming and placing them in a position to compete with the established operators for land and credit. Some beginning operators relied almost exclusively on their families for the land, credit, materials and management they used in beginning farming. Other beginning operators received some family help in acquiring land, credit, materials and management and still others relied on family help to provide, partially if not completely, at least one of these factors. Even in cases where family help was not used extensively by the beginning operator, the help contributed by the family might have served to swing the balance toward success rather than failure. All the immediate families of the beginning operators interviewed were farm people, most of them active or recently retired, most of them possessed farm land, farming materials, management experience and to some degree, credit - the factors most needed by the beginning operators. The family resources can provide a

certain amount of insurance to the beginning operator in that when he finds he has exhausted his outside resources, the family resources, being capable of fairly rapid response to a request for aid and possessing a certain amount of flexibility, can be used to help him when and where he most needs help.

Most of the beginning operators interviewed, though somewhat discouraged by the adverse weather of the previous crop year (1955) and the unfavorable farm cost-price ratio, felt they could become successfully established in farming and were not considering giving up farming. It should be remembered, of course, that several beginning operators had given up farming and moved out of the county, thus leaving the more optimistic if not the more successful beginning operators, to be interviewed. It would be difficult to determine how successful the remaining beginning operators are going to be in becoming established in farming. The information revealed in this study, however, seems to indicate that with family help most of the beginning operators interviewed have a fairly good chance of competing for land and credit with the established farmers in the county and of becoming established farm operators themselves. It would seem that an individual who attempts to begin farming without family help, unless he is assured of an unusual amount of support from some non-family source (landlord, etc.) has actually little chance of becoming successfully established in farming.

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APPENDIX

Table I. Size of the 1955 Farms in 1955 and Size of the 1955 Farms in 1956 - By the Percent of the Total Number of Farms Which Appear in Each Size Range

| Size Ranges | No. of Units in 1955 | Percent of Total | No. of Units in 1956 | Percent of Total |
|---------------------|-------------------------|---------------------|-------------------------|---------------------|
| 99.9 acres or less | 7 | 1.6 | 3 | .9 |
| 100-259.9 acres | 53 | 12.4 | 35 | 10.1 |
| 260-419.9 | 97 | 22.7 | 57 | 16.5 |
| 420-579.9 | 80 | 18.7 | 66 | 19.1 |
| 580-739.9 | 62 | 14.5 | 59 | 17.0 |
| 740-899.9 | 54 | 12.6 | 37 | 10.7 |
| 900-1059.9 | 30 | 7.0 | 30 | 8.7 |
| 1060-1219.9 | 19 | 4.4 | 25 | 7.2 |
| 1220-1379.9 | 6 | 1.4 | 10 | 2.9 |
| 1380 acres and over | 20 | 4.7 | 24 | 6.9 |
| Total | 428 | 100% | 346* | 100% |

*Eighty-two of the 1955 farm units did not retain their identity as farm units in 1956.

Figure 1. Card Used for Recording Land Interchange Data

Total No. of cards for this operator. _____ Operator's No. _____

Name and address. _____ Age. _____

Degree of experience. _____

Land operated in 1955. _____ Acres 1956 Condition

Total farm acreage operated in 1955. _____ Acres.

Additions in 1956. Card No. _____ = _____ Acres.

On other cards. Card No. _____ Acres.

" Ac _____ Acres.

" Dr _____ Acres.

" Cr _____ Acres.

" Dr _____ Acres.

Total _____ Acres gained.

Losses in 1956. Card No. _____ = _____ Acres.

On other cards. Card No. _____ Acres.

" Ac _____ Acres.

" Dr _____ Acres.

" Cr _____ Acres.

" Dr _____ Acres.

Total _____ Acres lost.

Previous operator. Name and address. _____ Age. _____

Total size of farm in 1955. _____ Acres. Card No. _____

Relationships. _____

Reason for leaving farm. _____

Cross references: _____