

INCOMES OF DAIRY FARMS

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Farmers are a conservative class of people and are engaged in a conservative business. The average operator's labor income secured from 765 farms in 1912, was \$636, or about \$2 per day. The incomes varied from \$1,797 to \$5,602. These extremes although quite divergent are relatively trivial when compared with the immense fortunes and great financial failures in our industrial centers. Agriculture is characterized by individualism, and has not shown any great inclination toward concentration of production. In this respect it differs from many urban industries. The fact that agriculture is a highly decentralized and individualistic industry, forces it to be a conservative business and as such it affords no chance for accumulation of great fortunes or suffering from great losses.

As previously stated, agriculture pays to the operator in this region an average labor income of \$636. This income, although not large, is considerably above the average wage paid to farm labor, and is a stimulus to keep good men in agriculture. These incomes, however, are not large enough to attract to the farms any considerable part of our urban population nor any great amount of the capital concentrated in our large cities.

The discussion must not be misconstrued to mean that agriculture has paid in the past or will in the future pay as good returns as it does today. Agriculture has had its "good times" and its "hard times," which may or may not coincide with the same periods in the industrial world. There is a continual race between agricultural production and demand for agricultural produce. It is only natural that each

should alternately lead. In the '80s and '90s production led demand, prices were low, and consequently the profits of agriculture were small. Prices were high because demand led supply and there was a prosperous era for the farm operator.

OPERATORS LIVING ON INTEREST, UNPAID LABOR, OR OUT OF CAPITAL.

From the data secured from 765 farms it was found that 164 farms secured labor incomes of less than \$1. This means that one-fifth (21.6 per cent) of all operators in this region live on interest or unpaid labor, or out of capital. It is unfortunate that so high a percentage as one in every five farmers lives not on the current surplus which he has created by productive labor, but on his family labor and interest on his capital, or by impairing his capital. An operator during his productive life is rarely justified in living on his capital unless he suffers from a destruction of capital or losses due to causes over which he has no control.

Among those living on their interest are found many of the older men who have worked hard producing commodities for society and accumulating wealth for themselves. Very few question whether these men are justified in retiring and enjoying the results of their labor. Many of these men desire, however, to remain on the farm during the rest of their natural lives instead of moving to town. In general it would probably be better if a farmer of this kind rented his farm to a younger man and lived in a house on the farm instead of continuing to run the place. The farm rented to a young man will usually be operated more efficiently than it would be by an owner who has passed the prime of life. It is hard to vindicate any group of individuals who live on the interest of their farm investments during their productive period, except during times of financial loss due to causes over which they have no control.

The fact that 2.5 per cent of the operators live on the unpaid labor of the family is evidence that these families are not so

²In this discussion it must be borne in mind that 5 per cent is the rate used in calculating the interest on capital. That this is a conservative rate hardly seems to need discussion; but many of the old men who have worked hard and passed the most productive part of their lives are satisfied with less than 5 per cent upon the present valuation of the land. These older men may have secured the land when it was cheap and at its cost price it may now be yielding a good return. In their opinion the land may now be over capitalized.

productive as other farm families. If these families, or some members of these families, can get better positions elsewhere it might be better for them to accept them.²

Some men who are making good incomes exploit family labor to acquire more wealth. Exploitation of labor from greediness and laziness must be condemned, but in other cases the defect is not so much a moral one as a lack of ability to make the most out of labor and capital.

In the struggle for existence many farmers who lack capital or business ability, or both, would be forced to the wall were it not for the labor of the various members of the family. For a family in this state of economic life it is expedient that the other members work with the operator. If all the members of the family must work, and can do no better elsewhere, it is perhaps better that they should work as a unit on their farm, rather than be scattered in the shops and factories of our large cities.

Table I.—Per cent of the total farmers living out of their capital, interest, or unpaid labor.³ Owners, part owners, cash rent and share rent. 765 farms.

Groups	Percentage of the Total number of				
	Total	Owners	Part Owners	Cash Renters	Share Renters
Percent of farmers living on interest capital and unpaid labor.....	21.6	28.0	27.7	15.2	16.0
Percent of farmers living on interest	14.5	24.6	17.0	3.7	1.3
Percent of farmers living out of capital	4.6	2.8	8.5	5.3	6.0
Percent of farmers living on unpaid labor	2.5	0.6	2.2	6.2	8.7

It will be noted from Table I that one share tenant in eleven (8.7 per cent) lives on the product of the family labor. In contrast to this only 0.6 per cent of the owners live on unpaid labor. Necessity forces the share renter to utilize not only his own labor but often the labor of his family as far as possible. This causes renters more than owners to rely on unpaid labor. The owners also have a larger income of interest, which prevents most of them from falling into this class. Another rea-

²This discussion does not include any incomes secured by members of a family hired out to neighbors. It includes only those who work on the farm without any specific remuneration.

³Under unpaid labor is included all family or other labor for which no definite remuneration has been made. The term "unpaid labor" must not be construed to mean that this labor costs the farmer nothing. It merely means that no specific remuneration has been made for it. If the cost of producing and maintaining the kind of labor were considered, it is doubtful if labor secured from the boy between 10 years and 21 years, would justify the expenditure.

son why the owners are not living on unpaid labor is because they are older men than the tenants and their families are more mature and have either started farming for themselves or shifted to other occupations.

In the case of owners, one in every four (24.6 per cent) lives on his interest; while in the case of share renters, but one farmer in every 77 (1.3 per cent) lives on the product of his capital. Between these extremes we find 17 per cent of the part owners and 3.7 per cent of the cash renters living on the interest of their capital. As the capital and age of operators increase between the groups of share renters and owners there is an increasingly larger number of operators living on interest.

The largest per cent (6 per cent) of operators living on their capital is found among the share renters, and the smallest among the owners.*

The share renter has only a small amount of capital and therefore a small income from interest. Consequently in most cases of unforeseen losses, such as uncommon losses of stock, exceptional destruction of machinery, or false judgment in the daily routine, the share renter must fall back on his capital. The owners having large incomes from interest usually find these sufficient to tide them over periods of financial stress and therefore do not draw upon their capital.

*Part owners are not considered in this discussion, since the numbers are too small to assure accuracy.