Specified Farm Expenditures[1]

The data contained in this chapter are tabulated by value-of-products groups for each geographic division. State data are shown for two groups of farms, those whose value of production was below $10,000, and those with products valued at $10,000 and over. The tabulations of these items of expenditure have not previously been published by value-of-products groups.

EXPENDITURES FOR FARM LABOR

Of all farms in the United States, 37 percent reported expenditures for hired labor in 1939. By classes of employment, 24 percent of the farms hired labor by the day or week; 10 percent by the month; and 12 percent on some other basis, such as contract, piece work, or by the hour.

Some labor was hired on farms in the lowest-value group, 12 percent of the farms in the $1 to $99 group reporting these expenditures. By geographic divisions, the percentage reporting expenditures for labor in this value group was lowest, 9 percent, in the East South Central and East North Central Divisions, and highest, 21 percent, in the Pacific Division. The proportion hiring labor increased with an increase in value of products, and included 92 percent of the farms with products valued at $10,000 and over. Between geographic divisions there was more variation in the proportion hiring labor in the lower-value-of-products groups than in others. For the $100 to $249 group the proportion hiring labor ranged from 12 percent in the East South Central Division to 26 percent for the Pacific Division. For the group from $6,000 to $9,999 the proportion varied from 83 percent in the West North Central Division to 92 percent in the New England, South Atlantic, West South Central, Mountain, and Pacific Divisions.

The proportion of farms reporting labor hired by the month was very low for the lower-value-of-products groups, representing about 2 percent of all farms in value groups below $400. Only 7 percent of all farms reporting expenditures for labor hired by the month, 14 percent of all farms reporting labor hired by the day or week, and 14 percent of all farms reporting labor hired in other ways were in value groups below $400. The proportion of farms in these 3 value groups reporting labor hired by the day or week ranged from 7 to 13 percent, and the corresponding proportions reporting such types of employment as contract labor and piece work were about one-half as large.

In the New England, Middle Atlantic, Mountain, and Pacific Divisions the average expenditure for labor per farm reporting, in the lower-value-of-products groups, was considerably above the United States average for these groups. For these divisions, the average wages paid per farm reporting in the $1 to $99 value group was $104 or more. In other words, farms in this value group which hired labor, paid out more, on the average, for farm labor than they could have received from the sale, trade, or home use of farm products.

Farms with low value of production find it necessary to hire labor for a number of reasons. Many farms, particularly in the lowest-value group, are not commercial farms, and labor expenditures frequently represent the hire of caretakers, gardeners, and the like on rural residences. Census data indicate that elderly persons make up a large proportion of the operators of farms in the lower-value groups. If production on these farms is to be comparable to that of young operators' farms, additional hired labor may be needed. Also, the proportion of operators working off their farms and the average number of days of off-farm work per operator reporting are higher in the low-value groups than in other groups. It is probable that many in the low-value groups find it advantageous to work away from their farms and hire labor for some of the farm work. In any year, a few medium- and large-scale farms will fall into the low-income category because of crop failure, yet their expenditures for labor may be considerable. Also new farms, in the process of development, often show considerable expenditures for labor for such purposes as land clearing, construction of fences, buildings, and the like.

The amount paid for wages is concentrated in the higher-value-of-products groups to a much greater extent than is the number of farms reporting labor hired. Approximately, 75 percent of the farms reporting payments for labor hired are in the value groups above $600, which include 51 percent of the farms, but 75 percent of the amount paid for the hire of labor is included in the value groups above $2,000, which represent only 16 percent of the total number of farms. This general situation is found in all geographic divisions.

Wages paid per farm reporting labor expenditures averaged $90 for the $1 to $99 value group, $278 for the $2,000 to $2,499 group, and $4,530 for farms with products valued at $10,000 and over. If the average outlay for farms in the different value groups is expressed as an average for all farms, including those which did not hire any labor, the figures for the groups mentioned above are $10, $180, and $4,174, respectively.

FEED

In 1939, farmers in the United States bought feed for livestock in an amount that averaged $119, which was about 11 percent of the value of products. About one-half the farmers reported feed purchased, with an average expenditure of $219 per farm.

The average amount for farms reporting the purchase of feed varied from $74 in the East South Central Division to $613 in New England. In general, the proportion of farms purchasing feed increased with an increase in the value of products.

In the New England and Middle Atlantic Divisions many producers of milk and eggs expect to buy all of their grain feed for cows and poultry and many producers of field crops, fruits, and vegetables buy feed for workstock rather than produce it. Elsewhere the purchase of feed largely represents a current adjustment of feed supply to the needs of the livestock kept.

In the general farming areas of the North Central Divisions many farmers raise crops of high value per acre for sale and buy high-protein millfeed for hogs and cattle. In those divisions the sums spent by those buying feed are relatively small on all farms except on small farms specializing in some kind of livestock. In the southern States, where livestock production is more limited than elsewhere, most farmers expect to raise

[1] The figures for expenditures are based on a 2-percent sample of farms in the value-of-products groups below $10,000, but are complete tabulations for all farms with products valued at $10,000 and over.

feed for workstock and for the cattle, hogs, and chickens they may keep for home use. The average sums spent for feed in the South Atlantic and East South Central Divisions were small for farms with value of products under $1,000, considerably more than one-half of the farms in each of the lower-value groups reporting no expenditures for feed.

In the Mountain and Pacific Divisions feed purchases are common in all but the lowest-value-of-products groups, but are moderate on all farms except those definitely organized to feed out livestock or to produce livestock products, including poultry.

IMPLEMENTS AND MACHINERY

The expenditures for implements and machinery, reported at $326 per farm for the 28 percent of farms that made purchases in 1939, were about 18 percent of the reported value of implements and machinery on farms at the date of the census. The amount and its percentage suggest moderate progress on replacements and normal extensions after the long period of "doing without." Most of the money was spent by the farmers with value of products of $1,000 or over.

Expenditures per farm were lowest in the East South Central States, $146, though the South Atlantic States also spent little money per farm, $160. In the South Atlantic Division only 19 percent of the farms with value of products less than $1,000 reported any implements bought in 1939. The average annual need for tools in this group was about $15, if the $80 spent by those who reported tools bought can be taken as a fair representation of the practices and the circumstances of the operators in these value groups.

EXPENDITURES FOR GASOLINE, DISTILLATE, KEROSENE, AND OIL

The average amount reported spent for gasoline, distillate, kerosene, and oil in 1939 was $112 per farm reporting this item or $53 per farm on the basis of all farms. Only in the West North Central, Mountain, and Pacific States did the average for all farms approach $100 per farm. In most of the divisions the bulk of the expenditures were made by farms in the higher-value groups. These large-farm businesses had most of the tractors, motortrucks, and irrigation-pumping outfits using liquid fuels, although a considerable number are owned by small farmers who do custom work and hauling. In view of the number of farms that reported automobiles and motortrucks (even among the groups with a low value of products), compared with the number reporting expenditures for motor fuel and oil, it seems likely that many of the farmers who had cars or motortrucks, or both, considered the fuel for operating these machines as nonfarm expense and did not include that amount in their replies to the census enumerators. On the other hand, the reported expenditure of $32 for motor fuel and oil on farms in the $1 to $249 value groups suggests that some purchases of fuel and oil for nonfarm use have been included.

BUILDING MATERIALS

Nearly one-third of the farmers enumerated in the Census of 1940 reported expenditures during 1939 for lumber, hardware, and other building supplies. The amounts were small among farmers in the lower-value-of-products groups, where the size of the expenditures exhibits rather little direct relationship with the type of farming and size of farm. The reports did not indicate the purpose of the expenditures but it is known that in 1939 new construction, especially of dwellings and other family conveniences, had been rather more liberal than for many years previous and that expenditures for maintenance of buildings, other than dwellings, were probably consistent with the expanding volume of farm business. The amount expended related to payments for materials rather than to the investment value of the facilities provided or improved by the outlay.

COMMERCIAL FERTILIZER

Commercial fertilizer was purchased by 38.3 percent of the farmers who bought an average of 3 tons at a cost of $84 per farm. Nearly half of the fertilizer was purchased by farmers of the South Atlantic States where 78 percent of the farms reported the purchase of an average of 4 tons each, at a total cost of $111. The average amount purchased per farm was 5.7 tons by farmers in the Pacific Division, where, however, only 17.4 percent bought any in 1939. Farm operators in the New England and Middle Atlantic Divisions were heavy users of commercial fertilizer, reporting 4.6 and 4.2 tons purchased per farm, respectively. As was to be expected, the use of fertilizer was associated with crop production and was smallest on farms with the lowest values of production, but no value group appears without farms for which fertilizer was purchased. In the divisions that had heavy livestock production the availability of animal manures reduced the need for commercial fertilizer, both among the farmers who buy none, as a matter of course, and among those who find it profitable to buy fertilizer to promote growth of special crops.

LIMING MATERIALS

The Census of 1940 for the first time carried a separate question with respect to purchase of lime. The figures in this release show the quantities of liming materials purchased in 1939. The average quantity purchased was 18 tons by those reporting. No value group was too small to show some expenditures for lime, though farms in the higher-value groups naturally bought more than in the smaller groups. Largest purchases were reported from the North Central Divisions—31 tons per farm reporting. There is considerable overlapping between farms reporting use of fertilizer and lime, because of the advisability of using both fertilizer and lime in preparation for new seedings.

ALL SPECIFIED EXPENDITURES

The items of expenditure enumerated do not by any means account for all cash expenditures of farmers. Many important items, including livestock purchases, insecticides, repairs to machinery, taxes, charges for irrigation water, insurance, interest payments, and others are not included. The proportion which the specified expenditures are of all cash expenses will vary by types and sizes of farms, and from one year to another. The data given are not adequate to be used in conjunction with the gross value of production to arrive at any estimate of net farm income, and should not be so used.

It is interesting, however, to compare the total of the specified items of expense with the total value of farm products sold, traded, and used at home in the lower-value-of-products groups. For the $1 to $99 group these expenditures were 128 percent of the gross value of farm products, and for the $100 to $249 group, 51 percent.

For the $250 to $749 value groups, these expenses were a gradually decreasing proportion of the value of farm products; above $750 the ratio between these expenses and gross value of products increased gradually.

In view of the fact that the expenditures enumerated were only a part of total farm costs, it is evident from the high ratio of expenditures to value of production in the 2 lowest-value groups, that these groups must contain many units that are not commercial farms, including country places and rural residences. Furthermore, some medium- and large-scale farms would be in these groups because of crop failure in 1939, or because they were new units being developed.