

EXPENDITURE FOR HIRED LABOR PER COMMERCIAL FARM, BY TENURE OF OPERATOR, FOR THE UNITED STATES AND REGIONS: 1954

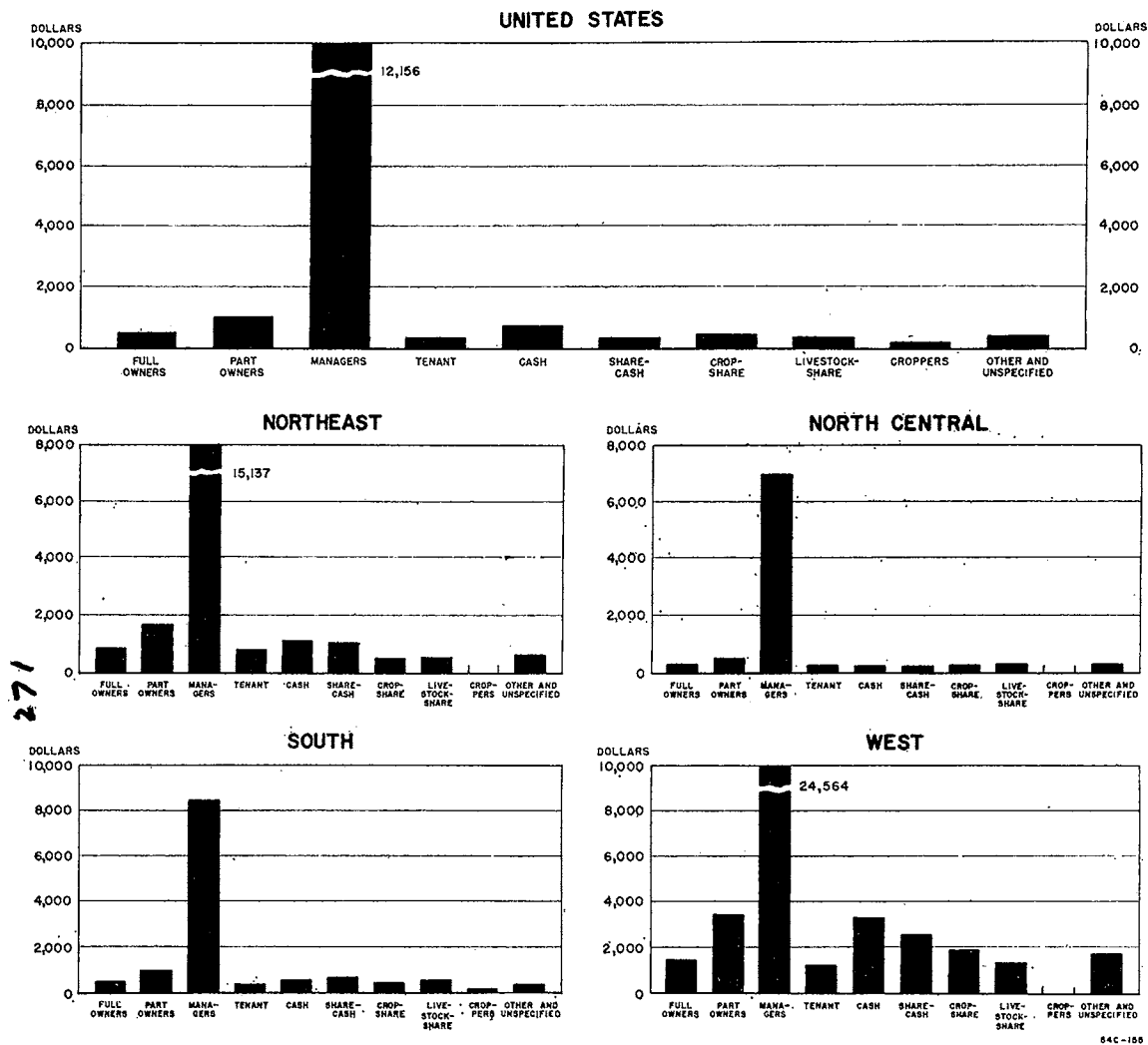


Figure 36.

employment index in this period appears to be due to the 700,000 decrease in number of family workers than to the 160,000 decrease in number of hired workers. The index of family workers decreased from 71 in 1950, to 64 in 1954, while the index of hired workers decreased from 61 to 57.

Labor as a factor of production.—Labor has certain characteristics distinguishing it from land and capital that are important to farm tenure. Most, and frequently all, of the labor is contributed by the farm operator in all major types of tenure with the exception of manager-operated farms. Even on manager-operated farms the operator generally makes substantial contributions of labor himself in addition to exercising control of the hired labor. This means that, although ownership and control of land and capital may vary by tenure type, the labor input is regulated primarily by the operator in all tenures. Another important characteristic of labor, in its relation to tenure, is that labor services must be used as they become available—they cannot be stored up. The availability of labor during critical periods may be an important element, for example, in setting the terms of a leasing agreement. Another important characteristic of the labor factor is that, since it is attached directly to a person, its mobility and use are partly affected by nonmonetary work preferences, habits, and other values of the individual. Therefore, a farm tenure arrangement usually reflects more than the monetary interests of the parties involved.

The quantity of labor which the operator combines with other factors of production depends upon the amount of the expected reward and the probability of receipt of the reward. Tenure may affect either. A leasing arrangement, for example, may divide the return to several enterprises, each on a different basis. Under such conditions the tenant will tend to devote his labor to those enterprises that yield him the greatest return, neglecting the enterprises favoring the landlord. Uncertainty of the length of tenure may cause tenants to favor the use of their labor for enterprises that yield immediate return. The tenure of owner-operators includes responsibility for mortgages, taxes, and government payments, and these conditions may affect the way in which labor is used. Large debt or tax commitments will tend to cause operators, who wish to protect their equity in the farm, to shift their labor into more certain crops even though their long-run average return may be lower.

The tenure of the operator also appears to be related to the kind of labor (family or hired) used on the farm. Part of this may be due to the different sizes of units, variations in type of farm, and the financial condition associated with different tenures.

Farm workers by tenure of farm operators.—The same major tenure categories of farms that have relatively large acreages also have large numbers of farm workers. In 1954, the average

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