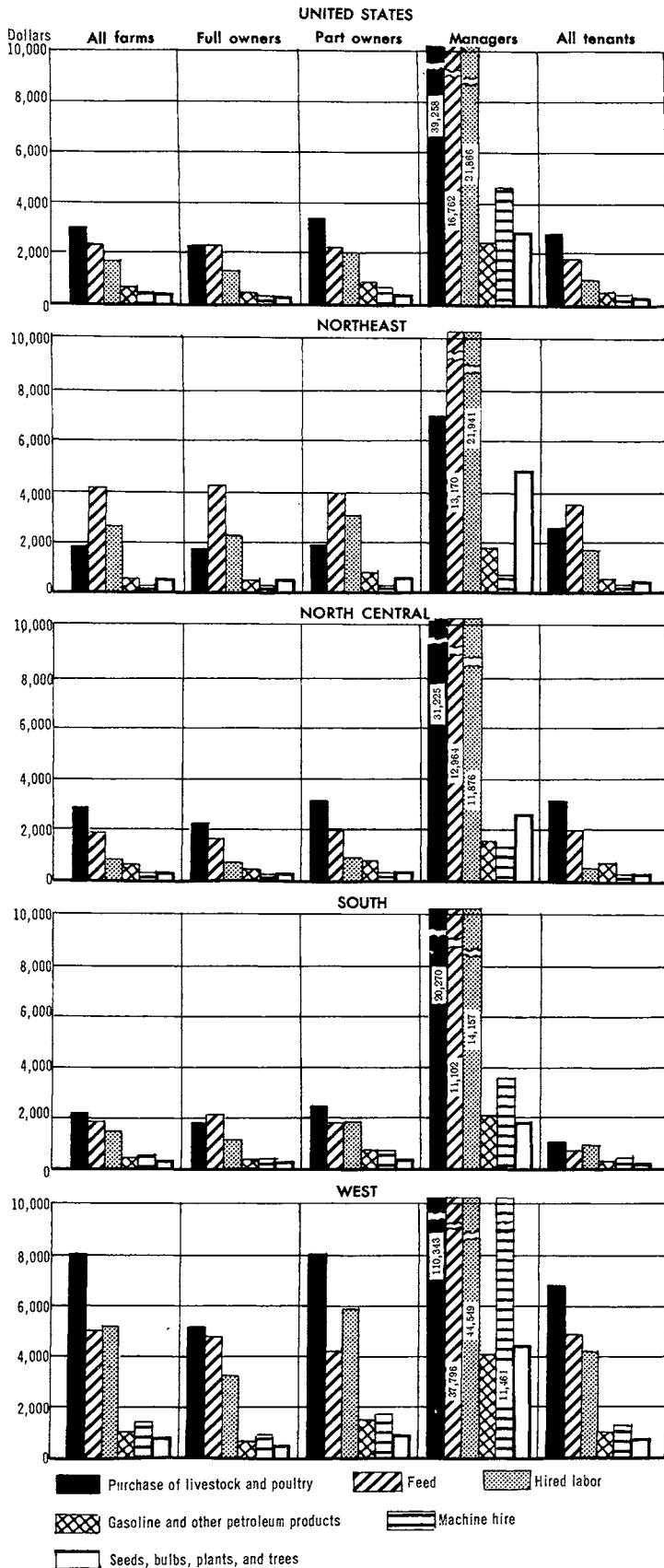


AVERAGE EXPENDITURE PER COMMERCIAL FARM REPORTING SPECIFIED COST ITEMS, BY TENURE OF OPERATOR, FOR THE UNITED STATES AND REGIONS: 1959



SPECIFIED FARM EXPENDITURES

Changes in costs.—Technological advances have brought about some significant changes in the methods of agricultural production. As farms have increased in size and become more specialized, purchased inputs have become a larger factor in production on individual farms. In addition to the general substitution of purchased inputs for farm produced inputs, there has also been a shift in the combination of inputs which has changed the composition of farm costs. Many of these changes in farm expenditures have been accompanied by adjustments in leasing arrangements or even in the form of tenure. The increasing use of contract arrangements in the production of poultry is an outstanding example.

The substitution of capital for labor has had a very marked effect on the structure of farm costs. For example, machine hire and expenditures for gasoline and petroleum on commercial farms increased approximately 30 percent between 1950 and 1959, while hired labor costs increased only 8 percent.

Specified cost items.—Differences in type and size of farm associated with different tenure groups should be kept in mind when comparing average expenditures for specified items per commercial farm so that all of the variations in expenditure are not attributed to the form of tenure alone.

The purchase of livestock and poultry per farm was the largest expense item for all tenure groups except full owners, for whom it was the second largest item. In 1959 the average expenditure for livestock and poultry per commercial farm reporting was \$39,258 on manager farms compared with \$3,361 on part-owner farms, \$2,849 on tenant farms, and \$2,329 on full-owner farms.

Feed was the largest cost item in the budget of full owners and the second largest item for part owners and tenants, but only the third largest item for managers. The average expenditure for feed per commercial farm reporting was \$16,762 on manager farms, \$2,380 on full-owner farms, \$2,299 on part-owner farms, and \$1,825 on tenant farms.

Hired labor was the second largest expenditure on manager farms and the third largest on farms of other tenure groups. On the commercial farms reporting hired labor, managers reported spending \$21,866, part owners \$2,048, full owners \$1,399, and tenants \$1,015.

The three lowest expense items—petroleum products; machine hire; and seeds, bulbs, plants, and trees—ranked in that order of importance for full owners, part owners, and tenants. Among the manager farms, however, machine hire was the fourth largest item, followed by seeds, bulbs, plants, and trees, and lastly by petroleum products.

Regional patterns differed from the United States pattern, and depended largely on the type of farming that predominated in the different regions. For example, in the Northeast, where dairy farms predominate, feed was the largest item for most of the farms, followed by hired labor.