

A STUDY OF THE PROBABLE IMPACT OF THE  
COMMITTEE FOR ECONOMIC DEVELOPMENT'S ADAPTIVE PROGRAM  
FOR AGRICULTURE ON KANSAS AGRICULTURE

by

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## INTRODUCTION

For the past 30 years the United States Government has attempted, through legislation enacted by Congress and the Administration, to sustain prices of some major agricultural products, and incomes to the producers of these commodities. A vast array of programs have been tried, tested, and modified to maintain parity of incomes to farm families. Most of these programs have relied heavily upon price supports, commodity purchases, storage programs, and various programs designed to limit the acreage harvested of certain crops. These programs have succeeded in raising the level of income to farmers, and to those persons who serve farmers in agribusiness. But the increase in income to farmers has lagged behind the increase in income to persons working in non-farm jobs. Then too, government programs have never seriously attempted to limit the production of major farm commodities to meet the market demand for them, thus causing some extremely high storage costs to be passed on to taxpayers. So it is not unusual, in the light of increasing farm surpluses, increasing costs of government farm programs, and an increasing gap between farm and nonfarm per capita incomes, that many responsible individuals have come to question the farm policy and the role of the United States Department of Agriculture in agriculture.

The agricultural policy of the United States in recent years has been to emphasize strict supply controls in an effort to decrease farm output. These control programs have had strategic, although indirect, importance in directing the flow, both negative and positive, of persons employed in agriculture.

Thus, in 1962, the Research and Policy Committee of the Committee for Economic Development (CED) issued a statement on National Policy, which dealt entirely, both in scope and method, with the "farm problem."

The purpose of this paper is to analyze the recommendations proposed by the CED on the basis of their probable effects on Kansas agriculture, should they be enacted into law.

Because of the immensity of the components covered in the term "Kansas agriculture," the major areas to be studied in this paper will be: (1) farmers' per capita income changes, and (2) rural population changes as a result of U.S. Agricultural policy using the CED's suggestions.

Areas treated by the CED but not covered in this paper are: (1) education of farm youth and labor mobility, (2) job information, (3) training in needed skills, (4) defraying the costs of moving, (5) the technical aspects of the agricultural price adjustment program, and (6) the methods suggested to cushion the process of adjustment, which include (a) a cropland adjustment program, (b) an income protection program, and (c) a temporary soil bank.

These areas will be explained as they fit into the whole program of the CED's Adaptive Program for Agriculture, but they will not be treated extensively as they might relate to Kansas agriculture. The reason for this is that they are supplementary to the main provision of the CED program. They will not have any primary effect on income or population changes in rural communities, but would and could be used when, and as a result of, changes in farmers' incomes do occur.

## CHAPTER I

## SUMMARY OF THE CED PROGRAM

The statement on agricultural policy issued by the Committee for Economic Development in 1962 grew out of background studies prepared by:

- (1) Karl A. Fox, "Commercial agriculture: Perspectives and Prospects,"
- (2) Vernon W. Ruttan, "The Human Resource Problem in American Agriculture,"
- and (3) Lawrence Witt, "Potentials of New Markets for Agricultural Products."

The purpose of the policy statement was,

...to suggest a program that will assist farmers in making the adaptation they have been making. We hope thereby to enable farmers, both those leaving agriculture and those remaining in it, to earn higher incomes.<sup>1</sup>

## Causes of the Farm Problem

The current farm problem, according to the CED arises from a combination of five conditions, no one of which, alone, would have caused it.

They are:

- (1) Total productivity has been growing very rapidly in agriculture. In the 1950-1960 decade farm productivity rose 25 percent while the resources, land, labor, and capital used in production fell by 20 percent per unit of output. Increasing expenditures for research and education

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<sup>1</sup> Committee for Economic Development, An Adaptive Program for Agriculture (New York, July, 1962), p. 8.

affecting agricultural equipment, materials and management, and farmers' quick adaptation of the new practices, were responsible for the higher productivity.

(2) Farmers increase their efficiency by using more capital and less labor. The amount of farm labor required to produce a given output has declined relatively more than the amount of resources required. While total resources used for agricultural production declined by 20 percent per unit of output in 1950-1960, farm labor used per unit of output declined by 45 percent.

(3) The total demand for agricultural products has grown slowly. The aggregate demand for farm products has not, and by nature, does not change much from year to year. Consumers spend only a small percentage of any increase in incomes on additional food consumption. This also holds true for textiles where, in addition, synthetic fibers have reduced demand for farm grown fibers. There are individual differences from product to product, but general consumer expenditures for farm products grows only slightly faster than the rate of population growth. Foreign markets have become more important in the past decade but contribute little to increased demand prospects because of the limited purchasing power of many of the underdeveloped countries. High tariff restrictions of the European countries also add to the problem.

(4) The demand for agricultural products at the farm level is, in general, relatively inelastic. A relatively large decrease in the price of farm products will bring about a proportionally smaller increase in the consumption of them. Food products, being basic necessities are not substitutes for other consumer expenditures, so that the total amount

consumed will not change much due to a price decline in foods.

Since consumer expenditures for food change little over the years, the rapid growth of agricultural products means that if resources remain unchanged, their products can only be sold at declining prices. If prices of farm products decline percentage-wise faster than the increase in consumption, then income per unit of resource must also decline. To maintain incomes per unit of resource used under these conditions resources themselves must be reduced. And since greater farm efficiency has dictated the substitution of capital in place of labor, the reduction in resources will have to be largely a reduction in farm labor.

(5) Resources, primarily labor, do not flow out of agriculture at the rate necessary to avoid falling incomes. Emphasis here is on the fact that resources do not necessarily flow out of agriculture less easily than in other industries, but that the outflow of resources required from agriculture has been extraordinarily large relative to the resources engaged. And while this outmigration from agriculture in the past decade has been large by almost any standards, it has not been large enough. Two important factors have hindered the movement of labor out of agriculture: (a) Temporary upsurges in the demand for agricultural products during world war II and the Korean war in connection with the price-supporting programs of the federal government, and (b) the excessively high level of urban unemployment.

The CED report summarizes the farm problem as outlined in the above five conditions as having

...resulted in a persistent excess of resources, particularly labor, in agriculture over the quantities that could have earned, by sale of their products in free markets, incomes

equivalent to what similiar resources could have earned in other uses. This has caused, and has been revealed by, a persistent tendency for agricultural incomes to be lower than other incomes, and to decline relative to nonfarm incomes despite large public expenditures for the support of farm incomes.<sup>2</sup>

#### Programs for Solution of the Farm Problem

The choices given for solution of the problem are: (1) Leakproof control of production so that farmers would get higher prices for a smaller volume marketed, and (2) an adaptive program designed to induce excess resources to move out of agriculture within a framework of reducing government expenditures in support of the industry.

The leakproof control of production would increase prices by reducing the volume of sales. The CED maintains that this policy would

...change the form of the burden on the nonfarm community from high taxes to high prices. It would change the evidence of waste from mounting stocks of surplus products to idle land, labor, and capital, withheld from farm use and not channeled to other uses.<sup>3</sup>

The other alternative recommended by the CED, the "Adaptive" program, would, "...induce a large, rapid movement of resources, notably labor, out of agriculture." To facilitate this movement they recommend governmental activities designed to: (1) attract these resources out of agriculture, and (2) cushion the price adjustment process.

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<sup>2</sup> Ibid., p. 19.

<sup>3</sup> Ibid., p. 25.

Policies to Attract Resources out of Agriculture

To bring about these results the CED proposes measures designed to bring about a condition such that:

- (1) A much smaller total quantity of resources will be used in agricultural production;
- (2) This smaller total of resources at use in farm production will be composed of a much smaller amount of labor, and, possibly, somewhat less capital;
- (3) Production per unit of resources used in agriculture will be higher;
- (4) Earnings per unit of resources used in agriculture will be higher, on the average, and these earnings will be obtained through sale of farm products without government subsidy or support.<sup>4</sup>

Secondly, they propose temporary transitory measures designed to:

- (1) Prevent a sharp decline in farm incomes, and
- (2) Avoid further additions to stocks of farm goods, while the basic adjustment to the condition sketched above is being brought about.<sup>5</sup>

The heart of the matter in agricultural adjustment lies in attracting excess resources from use in farm production. This, the CED feels, is the very core of the farm problem. The primary resource needed to be moved out is labor. Fundamental to this movement are the necessary conditions of an improved labor market, and a transitory period of adjustment of agricultural prices.

Improved Labor Market. The CED report emphasizes the fact that the wellbeing of agriculture cannot be assured by programs having to do only

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<sup>4</sup> Ibid., p. 31.

<sup>5</sup> Loc. cit.

with the production and marketing of farm goods. The health of the agricultural economy is closely linked to the health of the nonfarm economy. Some of the measures suggested by the CED for solution of the farm problem are not concerned exclusively with agricultural policy, but are broader in view.

While the CED emphasizes the need for more nonfarm job opportunities as an essential condition for satisfactory agricultural adjustment, they also recognize that this is essentially a nonfarm problem. Reference is made to an earlier CED statement<sup>6</sup> where the steps necessary for a high and growing employment are discussed.

The role of education is, in the CED view, "a main key to agricultural adjustment...by getting a large number of people out of agriculture before they are committed to it as a career."<sup>7</sup> The degree of success in using education to train farm youth for nonfarm jobs depends, of course, on the nonfarm opportunities for employment available. Here again a farm problem is dependent on the nonfarm economy.

The CED refers to studies which indicate that fewer farm youths than others: (1) graduate from high school, (2) enter college, and (3) graduate from college.<sup>8</sup> At the same time studies also show that while the United States as a whole derives 4.3 percent of its personal income from farming, and no state derives more than 26.1 percent, the nation devotes 44.5 percent of its vocational educational funds, exclusive of funds for home

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<sup>6</sup> Ibid., p. 33.

<sup>7</sup> Loc. cit.

<sup>8</sup> Ibid., p. 34.

economics to training for agriculture. Where farming is the strongest, vocational agriculture in many states "...tends to perpetuate the problem of too many people in agriculture by holding out extraordinary opportunities to train for farming as a vocation."<sup>9</sup>

The committee makes the following recommendations on this aspect of the farm problem:

(1) ...aid to public education below the college level in the low income states.

(2) Vocational education should be revamped to place its emphasis upon training in skills needed by expanding industries.

(3) Public and private policy should take dual account of the national needs (i) to reduce the number of people committed for their livelihood to farming, and (ii) to raise the national educational attainment, by measures to bring the participation of farm youth in higher education up to the national standard.<sup>10</sup>

The CED recognizes and endorses the 1962 Federal "Manpower Development and Training Act" as an important step in guiding and easing the movement out of agriculture of a large number of people in a short time. They recommend further that: (1) the Federal-State Employment Service be expanded to rural areas, and its coverage made national and regional, rather than local only, and that, (2) the present farm labor service should expand its responsibility to include placement in off-farm work, instead of limiting its referrals to farm employment.<sup>11</sup>

Adjustment of Agricultural Prices. In order for the adjustment of

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<sup>9</sup> Ibid., p. 35.

<sup>10</sup> Ibid., p. 36.

<sup>11</sup> Ibid., p. 38.

resources in agriculture to take place, the CED feels that the price system must be allowed to signal to farmers how much is wanted of what. Thus, they recommend that "...prices of wheat, rice, cotton, feed grains, and related products now supported should be allowed to reflect the estimated long-run adjustment price of these products."<sup>12</sup>

The adjustment price would satisfy two conditions: (1) it is a price at which the total output of the commodity can be sold to domestic consumers or in commercial export markets without government subsidy, and (2) it is a price at which resources efficiently employed in agriculture, after a period of maximum freedom to move out, could earn incomes equivalent to those earned in the nonfarm economy.<sup>13</sup>

The CED recommends that the prices for the commodities be "...reduced immediately to the prices that could be expected to balance output and use, after the transition period, without new additions to government stocks."<sup>14</sup>

At the time of publication of the CED report (1962) they estimated the adjustment prices to be: cotton at 22¢ a pound, rice at \$3.00 a hundred-weight, wheat at \$1.35 per bushel, and for feed grains, the equivalent of about \$1.00 per bushel for corn.<sup>15</sup>

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<sup>12</sup> Ibid., p. 40.

<sup>13</sup> Ibid., p. 40-41.

<sup>14</sup> Ibid., p. 42.

<sup>15</sup> Ibid., p. 43.

### Cushioning the Adjustment Process

To cushion the adjustment process the CED suggests three programs; (1) a cropland adjustment program, (2) a temporary income protection program, and (3) a temporary soil bank.

A Cropland Adjustment Program. The CED recommends that 20 million acres of western plains and mountain region land be reconverted from crop use to grass as rapidly as possible. To induce the farmer to make this conversion the government would:

(1) Pay an amount equal to the expected income from producing a crop, so that these conversion payments, together with the income protection payments mentioned later, would provide, over the adjustment period, an income equivalent to what the farmer would get if he produced a crop.

(2) Make available technical assistance and planning in the conversion of cropland to grass, and share the costs of conservation practices, where applicable.

(3) Require agreements on the part of the owner that once converted, the land would not be returned to the production of wheat for some specified period.<sup>16</sup>

A Temporary Income Protection Program. The CED recognizes that if price supports for wheat, rice and cotton were reduced immediately to the level at which adjustment would begin to take place the income of the producers of these crops would be sharply reduced in the absence of any public policy.

They suggest therefore a temporary income protection program that would make payments to wheat, rice and cotton growers, and would have the following features:

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<sup>16</sup> Ibid., p. 46.

(1) Payments should be made only to farmers who now have acreage allotments for wheat, rice and cotton. The adjustment payments should be based upon a quantity of the product determined by the present acreage allotment and the normal yield of the farm for the previous two years prior to the beginning of the program.

(2) The program would continue only five years.

(3) Payments would be a declining percentage of the excess of the 1960 support prices over the adjustment price.

(4) Payments would be independent of further production of these crops.

(5) Payments would decline to zero within five years.<sup>17</sup>

A Temporary Soil Bank. The third measure designed to cushion adjustment suggested by the CED is a temporary soil bank. The soil bank would be established to last not more than five years and would hold feed grains output during that time to not over 150-155 million tons per year. The temporary soil bank would extend some of the conditions of the existing soil bank program but would require that whole farms be retired.

#### Summary of Analysis of CED Program

The CED program suggests measures as a solution to the farm problem which would result in "fewer workers in agriculture, working a smaller number of farms of greater average size and receiving substantially higher income per worker."<sup>18</sup>

The very heart of the farm problem is an abundance of resources, especially labor. The Adaptive Approach suggests a massive reduction of the labor force on the order of one third in a period of not more than

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<sup>17</sup> Ibid., p. 48.

<sup>18</sup> Ibid., p. 57.

five years. This movement of labor would be attracted out of agriculture not forced out, by improvement of the nonfarm labor situation. The remaining farmers would enjoy higher incomes per farmer without increasing the supply of farm products despite a decline in government spending on agriculture. This would result in a true net reduction of costs to the country as a whole. Government costs would be reduced while farmers' per-family incomes would be sustained. Many people now engaged in farming would shift to work more profitable to them and to the economy as a whole. Consumers of farm products would be relieved of the tax burdens involved in sustained surpluses and at the same time would not be faced with higher food and fiber costs.

The alternative to this approach is to,

...tighten controls of production and marketing enough to reduce farm output to the point where all output will sell at the higher prices. This will make consumers pay more for farm products and let the government pay less.<sup>19</sup>

To aid farmers in making the transition from farm occupations to non-farm occupations, the CED suggests: (1) an improved labor market, which they feel is essentially a non-farm responsibility, (2) improved educational programs to emphasize industrial skills rather than agricultural skill, (3) programs designed to aid in labor mobility such as increased job information, training programs for farmers, and loans to aid in defraying the cost of moving to a new job, and (4) programs designed to cushion the effects of a price drop on the incomes of farmers.

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<sup>19</sup> Ibid., p. 58.

## CHAPTER II

## SUMMARY OF KANSAS AGRICULTURE

## Structure of Kansas Agriculture

Number of Farms. During the decade from 1950 to 1960 the number of farms in Kansas declined from 131,372 to 104,347.<sup>20</sup> This means that, in the period of ten years, 27,025 farms, or 20.6 percent of all Kansas farms ceased being separate entities. Of these 2,396 were omitted from the 1959 census of agriculture because of the change in the definition of a farm.<sup>21</sup> (footnote on change) Since 1935, when the number of Kansas farms reached a peak of 174,589 farms, a steady decline has taken place at an average rate of 2,809 farms per year. Figure 1 shows that the number of farms operating remained relatively steady from 1920 to 1930. Following a brief

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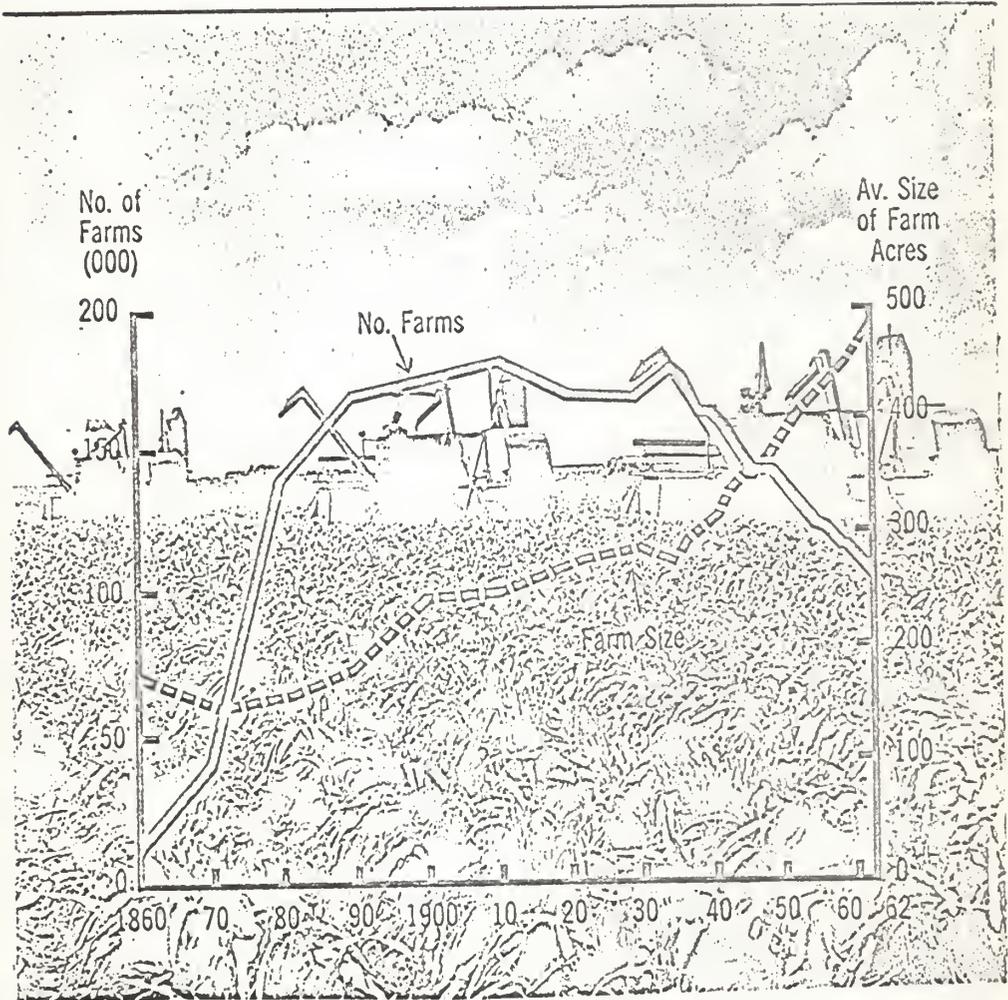
<sup>20</sup> U.S., Bureau of the Census, 1959 Agricultural Census (vol. 1, Counties, Part 21, Kansas), p. 3.

<sup>21</sup> Ibid., p. XIV-XV; "Places of less than 10 acres in 1959 were counted as farms if the estimated sales of agricultural products for the year amounted to at least \$250. Places of 10 acres in 1959 were counted as farms if the estimated sales of agricultural products for the year amounted to at least \$50. Places having less than the \$50 or \$250 minimum estimated sales in 1959 were also counted as farms if they could normally be expected to produce agricultural products in sufficient quantity to meet the requirements of the definition. This additional qualification resulted in the inclusion as farms of some places engaged in farming operations for the first time in 1959 and places affected by crop failure or other unusual conditions."

"For both the 1950 and 1954 Censuses of Agriculture places of 3 or more acres were counted as farms if the annual value of agricultural products, whether for home use or for sale but exclusive of home-garden products, amounted to \$150 or more. Places of less than 3 acres were counted as farms only if the annual sales of agricultural products amounted to \$150 or more."

FIGURE 1

Number of Farms and Average Size of Farm,  
Kansas 1860 to 1962



Source: Agriculture in the Kansas Economy, Kansas State Board of Agriculture, 1962, p. 18.

rise in 1935 the number of farms began a long slow decline which as yet has shown no sign of turning upward again.

The figures become more meaningful when we can compare the movements in and out of agriculture according to economic classes. The data in Table 1 are summarized on a state basis and farms are classified into six economic classes according to the value of the farm products sold. Information is also given for part-time, residential, and abnormal farms. The definition used by the Commerce department for the various economic classes was changed in 1959, so some adjustment will be necessary for comparison purposes.<sup>22</sup>

The most dramatic changes in Kansas in the 1950-1959 decade have taken place at the two extreme ends of farming. The large financially secure farms with growth sales of \$20,000 or more increased by approximately 240 percent while farms in the group having gross sales of \$50 to \$2,500 declined by approximately 85 percent. By far the greatest percentage of the total decrease in farms was due to the loss of the smaller farms having gross sales of \$5,000 or less. In 1950, 32,884 farms were listed in this category, while in 1959 the number had dropped to only 4,520.<sup>23</sup>

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<sup>22</sup> Ibid., p. XXIV. "In general, for 1959 all farms with a value of sales amounting to \$2,500 or more were classified as commercial. Farms with a value of sales of \$50 to \$2,499 were classified as commercial if the farm operator was under 65 years of age and (1) he did not work off the farm 100 or more days during the year and (2) the income received by the operator and members of his family from nonfarm sources was less than the value of all farm products sold. The remaining farms with a value of sales of \$50 to \$2,499 and institutional farms and Indian reservations were included in one of the groups of 'other farms'".

<sup>23</sup> Ibid., p. 32.

Table 1. Number of farms in Kansas by economic classes, 1950, 1959.

Number of farms :	All farms :	1950		I		II		III		IV		V & VI		Part time		Residential		Abnormal
		1959	I & II	I	II	III	IV	V	VI	VI	VI	VI	VI	VI	VI	VI		
1950	131,372	3,560	13,959	28,984	32,951	32,884	8,917	9,975	142									
1959	104,347	12,087	20,586	26,434	19,469	4,520	12,212	8,790	36									
Percent change	20.7	+ 239.5	+ 47.4	- 8.7	- 40.9	- 86.2	+ 44.8	- 11.8	- 74.6									

Source: 1959 Ag. Census, Kansas, Vol. 1, Part 21, p. 32.

While some of these low income farms can be found in all Kansas counties, their distribution is not uniform over the state. The eastern third of the state has the highest percentage of the low income farms, although the difference across the counties was less in 1959 than in 1954. The higher income farms are predominantly located in the western counties. The middle group, consisting of economic classes III, IV, and V are distributed about equally among the counties. Data for the distribution of farms by economic class and by type of farming area is shown in Table 2.

Size of Farms. The size of the "average" Kansas farm has been increasing steadily since 1935. Farm sizes have more than doubled from 274 acres in 1920 to 480 acres in 1959. The larger increases were brought on by World War II, but farms have continued to increase in size since then at an average rate of approximately ten percent per year. Census data indicates that those farms having gross sales of \$20,000 and above increased the size of their farms from 2,133 acres in 1950 to 3,512 acres in 1959,<sup>24</sup> for an overall increase of 64 percent. At the same time all other classes of commercial farms indicated decreases in average size of farm operated. The size of the farm operated in general also varies directly with the volume of gross sales. Table 3 shows that type of farming areas 1, 2, 3, and 4, on the eastern edge of Kansas had farms averaging about 320 acres, while type of farming areas 10a, 10b, 11, and 12 had farms of size averaging about 1,180 acres.

Part of the overall state increase in average number of acres farmed has come about because of mechanization. Mechanization has been especially

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<sup>24</sup> Loc. cit.

Table 2. Number of farms by economic classes and by type of farming area, 1959.

Type of Farming Area	I	II	III	IV	V	VI	Part : time	Resi- : dental	Abnormal
1	73	243	1,139	1,901	1,680	405	1,971	1,210	10
2	135	574	1,759	2,706	2,496	685	1,895	1,425	--
3	107	314	993	1,453	1,236	331	2,045	990	2
4	173	462	1,121	1,834	1,265	365	820	665	11
5	417	960	2,079	2,719	2,523	602	1,671	1,281	6
6a	224	625	1,803	2,115	1,467	280	541	490	5
6b	381	1,301	3,161	3,401	2,168	250	1,110	875	--
7	144	383	1,324	1,804	1,425	282	430	307	1
8	109	539	2,003	2,993	1,912	555	505	775	--
9	150	447	1,189	1,780	1,109	232	410	292	1
10a	280	583	869	916	522	128	198	136	--
10b	451	682	883	788	606	182	219	110	--
10c	161	259	313	311	188	31	60	71	--
11	248	683	1,342	1,354	703	163	248	121	--
12	428	572	588	334	194	29	89	42	--
Total	3,481	8,627	20,566	26,447	19,494	4,520	12,204	8,910	36
Census	3,477	8,610	20,586	26,434	19,469	4,520	12,212	8,790	36
Percent of state total	3.33	8.27	19.7	25.36	18.69	4.33	11.70	8.54	

Source: Calculated from U.S. Census of Agriculture, 1959, Vol. 1, Part 21 Kansas, pp. 23, 160-169.

Table 3. Average size of farm in Kansas in 1959 by type of farming area.

	Type of farming area														
	1	2	3	4	5	6a	6b	7	8	9	10a	10b	10c	11	12
Average size of farm	338.3	353.5	280.2	301.6	617.3	426.7	421.0	640.9	443.2	672.8	1061.1	1145.3	1400.9	978.4	1565.6

Source: U.S. Agriculture Census, 1959 Vol. 1, Part 21, Kansas, pp. 150-159.

kind to grain farmers, allowing them an increase in size and efficiency with relatively little effort. Other farm enterprises, such as dairy and cattle farms have not adapted as easily to mechanization. Thus, the western half of the state, which is predominately dry wheat and grain farmed, has been able to expand operations at a more rapid rate than the rest of the state.

Mechanization, however, has not been the only reason for expansion of the farm size. The healthy and growing economic conditions of the United States following World War II presented opportunities to many farm families to take advantage of higher returns for their labor in non-farm employment. This was particularly true for farmers operating small acreages.

While the proportion of land in Kansas devoted to farming has been increasing since 1925, it has apparently leveled off since 1954. The percentage increase from 1950 to 1954 was three percent, giving a total of 95.5 percent of available land that is in farming use.

Land devoted to farming here means both land in cultivation and land used for grazing. Non-agricultural land is defined as land used for housing and storage lots, roads, lanes, ditches, wasteland or woodland not pastured. Some of the increase in usable farmland has undoubtedly come from reclamation projects on wasteland, or clearance of woodland not pastured. There has also been an increase in the use of irrigation for raising crops, particularly in western Kansas, which has made the utilization of wasteland that otherwise would not have supported crops economically feasible. It is evident from Table 1, which indicates the number of farms by economic classes, and from Table 4, which indicates the average size of farm by economic classes, that both of these characteristics have evidenced large

Table 4. Average size of farm in Kansas 1950, 1959 by economic classes.

Av. size of farm	All farms	1950	I	II	III	IV	V	VI	V & VI	Part time	Residential	Abnormal
1950	369.8	2133.0	788.0	448.4	300.4	332.9	84.1	30.7	572.1			
1959	481.1	3512.2	645.6	412.5	265.4	189.6	91.6	97.5	819.2			
Percent change	30.07	64.6	- 18	- 5.5	- 11.6	- 53.0	8.91	217.6	43.2			

Source: U.S. Agricultural Census, 1959, Vol. 1, Part 21, Kansas, p. 32.

increases in deference to declining trends in the remaining commercial classes. Thus, the increase in the number of larger sized farms in the 1950-1960 decade is due to consolidation. This trend toward fewer and larger farms is common in almost all farming areas of the United States. It will probably continue as operators seek more land to take advantage of cost economies and the resulting higher family incomes.

Population Characteristics. The population of Kansas in 1860 was 107,206.<sup>25</sup> Of that population, 97,161, or 90.6 percent were classified as rural. Since then total population has increased in each decade except for the 1930-1940 decade. Rural population shared the growth in numbers, although dropping in percentage of total population steadily, until about 1910 when the number of rural Kansans began to decrease absolutely. The 1960 census reported total population of 2,178,611 persons, with the urban sector composed of 1,228,646 persons, or 56.4 percent, and the rural sector composed of 949,965 persons, or 43.6 percent of the total population.<sup>26</sup> Table 5 and Figure 2 give this information. Farm and nonfarm population trends on the national level are shown in Figure 3.

Population trends for farm operators have roughly followed those of the rural population, showing a slight increase from 1920 to 1935, and then a steady decrease up to the present time. But whereas the total rural population declined by 17.6 percent from 1920 to 1960, the number of all farm operators declined by 37 percent. During this same time period Table 6 indicates that the number of full owners of farms declined by 42 percent,

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<sup>25</sup> U.S. Bureau of the Census, 1960 Census of the Population (vol. 1, Characteristics of the Population, Part 18, Kansas), p. 18.

<sup>26</sup> Loc. cit.

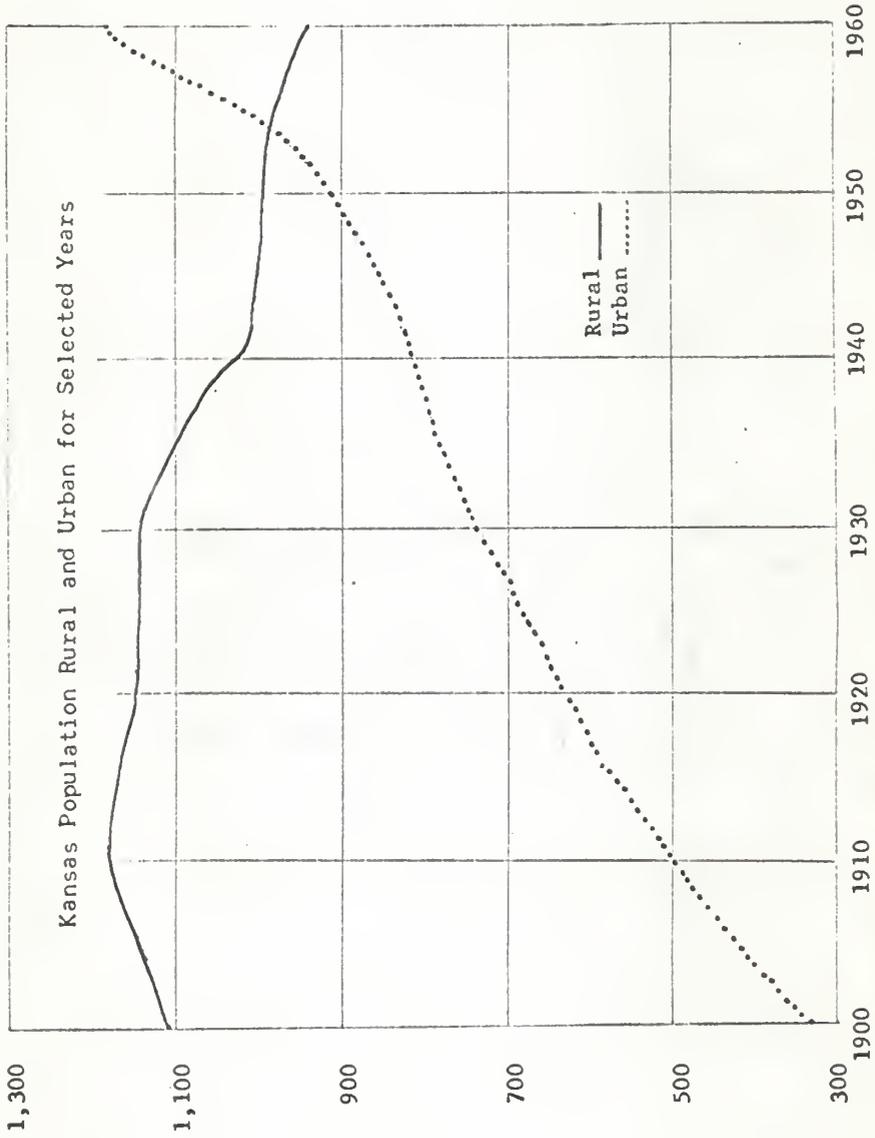
Table 5. Population of Kansas, urban and rural, for selected years.

Census Year	The state		Urban		Rural		Percent of total	
	Population	% Increase	Population	% Increase	Population	% Increase	Urban	Rural
1860	107,206	--	10,045	--	97,161	--	9.4	90.6
1870	364,399	239.9	51,870	416.4	215,368	221.7	14.2	85.8
1880	996,096	173.4	104,956	102.3	891,140	185.1	10.5	89.5
1890	1,428,108	43.4	269,539	156.8	1,158,569	30.0	18.9	81.1
1900	1,470,495	3.0	329,696	22.3	1,140,799	- 1.5	22.4	77.6
1910	1,690,949	15.0	492,312	49.3	1,198,637	5.1	29.1	70.9
1920	1,769,257	4.6	616,485	25.2	1,152,772	- 3.8	34.8	65.2
1930	1,880,997	6.3	729,834	18.4	1,151,165	- 0.1	38.8	61.2
1940	1,801,028	- 4.3	753,941	3.3	1,047,087	- 9.0	41.9	58.1
1950	1,905,299	5.8	903,468	19.8	1,001,831	- 5.2	47.4	52.6
1960	2,178,611	14.3	1,228,646	36.0	949,965	- 6.8	56.4	43.6

Source: U.S. Census of Population, 1960, Vol. 1, Part 18, Kansas, p. 18.

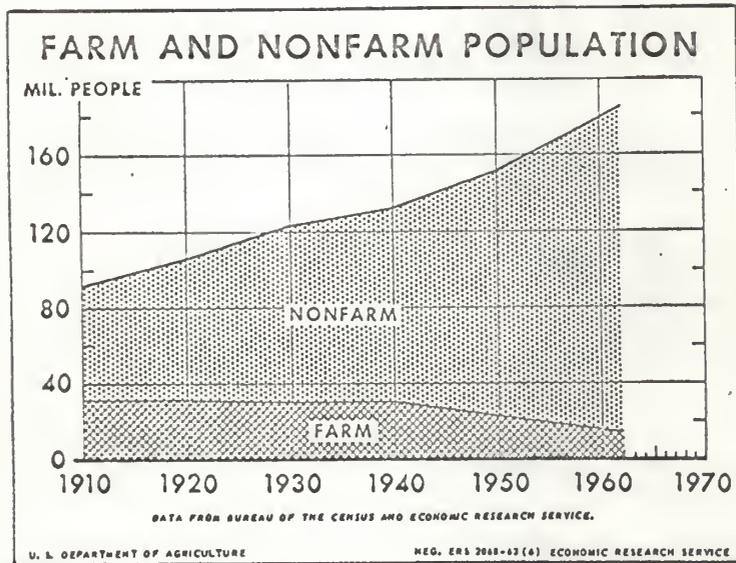
Population  
(000)

FIGURE 2



Source: 1960 Census of Population, Kansas, Vol. 1, Part 18, p. 18.

FIGURE 3



Source: Iowa Farm Science, Feb., 1964, Vol. 18, No. 8, p. 12-636.

Table 6. Number of farm operators by tenure for selected years.

	: 1959	: 1950	: 1940	: 1930	: 1920
All farm operators	104,134	131,394	156,327	166,042	165,286
Full owners	38,049	50,680	52,441	57,151	65,640
Part owners	39,900	41,135	33,034	37,611	31,450
All tenants	25,910	39,232	70,222	70,326	66,701

Source: U.S. Agricultural Census, 1959, Vol. 1, Part 21.

the number of operators who were part owners increased by 27 percent, and the number of tenants declined by 61 percent. From this it is evident that the decline in the total number of farm operators matches the decline in the total number of farms. Similarly the increase in part owners can be correlated to the decrease in both full owners, who either sold their farms or who rented more land, and the decrease in tenants, who also either moved out of farming or who bought some land in addition to land they rented. During the 1950-1960 decade, the number of farm operators declined by 21 percent.

When comparisons of farm operators by economic classes are made some remarkable changes can be noted. In the ten year period 1950-1959 the number of farm operators decreased by considerable percentages in economic classes III, IV, V, and VI, while in economic classes I and II it increased by a tremendous 245 percent. This again compares almost exactly with the changes in this period of the total number of farms. Table 7 indicates these changes in commercial farms as well as changes in part-time and residential.

Table 7. Number of farm operators by economic classes, 1950, 1959.

All farm operators :	Total all :		I :		II :		III :		IV :		V & VI* :		Part :		Resi- :	
	1950	1959	I & II	I	II & III	II	III	IV	IV	V	VI	VI	time	time	dential	Abnormal
	128,186	3,465	13,662	28,433	32,228	31,934	8,742	9,585	137							
	103,859	11,972	20,524	26,404	19,449	4,519	12,206	8,785	---							
Percent change	- 21.1	+ 245.5	+ 50.2	- 7.13	- 39.6	- 85.8	+ 39.6	- 8.3								

\* 1950

Source: U.S. Agricultural Census, 1959, Vol. 1, Part 21, Kansas, p. 34.

Value of Farms. The value of farm land and buildings has been increasing sharply since 1940. This marked the turning point in a long decline that started following the boom in land prices and farm values in the early 1920's. The value of the average Kansas farm increased from \$24,738 in 1950 to \$49,046 in 1959;<sup>27</sup> a 98.3 percent increase. Part of this increase in value can be attributed to the 30 percent increase in size of the average farm. But values per acre also rose during this same time period by 51.5 percent; from \$66.21 in 1950 to \$100.36 in 1959.<sup>28</sup> While the increase in land values per acre cannot be directly attributed to increased mechanization or increases in farm size, these factors have represented a better balance of the productive resources, and thus have incorporated in land values the increased productivity of the land. See Table 8 for changes in land values.

Table 8. Value of land and buildings, Kansas, for selected years.

	: 1959	: 1950	: 1940	: 1930	: 1920
Value of land and buildings (average per farm--dollars)	49,046	24,738	9,092	13,738	17,122
Average size of farm (acres)	480.6	370.0	308.2	282.9	274.8

Source: U.S. Agricultural Census, 1959, Vol. 1, Part 21, Kansas, p. 3.

<sup>27</sup> U.S. Agricultural Census, 1959, Kansas, op. cit., p. 3.

<sup>28</sup> Loc. cit.

Type of Farm. Kansas has been divided into the type of farming areas shown in Figure 4. Although the areas are bound by county lines, the type of farming is not uniform throughout all counties and in most cases there is not a well defined line of demarcation between them, but rather a transitional zone.

The basis for classifying the zones was first discussed by J. A. Hodges, who used as parameters:<sup>29</sup>

- (1) the percentage of farm land in different crops and pastures;
- (2) the kind and number of livestock per 100 acres of farm land;
- (3) the trends of the acreages of crops and numbers of livestock;

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<sup>29</sup> J. A. Hodges, Farm Organization as Found in Types of Farming Areas in Kansas (a Ph.D. thesis in the Harvard library, 1938), pp. 142-146. These areas are:

Area 1 - Cash grain, livestock, dairy, general, part-time and residential farms. Wheat, corn, oats in order.

Area 2 - Livestock, cash grain, dairy, general. Corn, wheat, oats.

Area 3 - Cash grain, livestock, dairy, general, part-time and residential. Corn, wheat, oats, hay.

Area 4 - Cash grain, livestock, general, dairy. Part of the Corn Belt.

Area 5 - Range livestock, cash grain, general, dairy. Wheat, sorghums, hay.

Area 6a - Cash grain, livestock, general. Wheat, sorghums, hay, some corn.

Area 6b - Similar to 6a, more wheat, less corn, less pasture, less livestock but more dairying.

Area 7 - Cash grain, livestock, general. Wheat, sorghums, very little corn.

Area 8 - Cash grain, livestock, general. More hay and much more corn than Area 6 or 7.

Area 9 - Cash grain, some livestock and general. High percentage in cropland, wheat dominant.

Area 10a - Cash grain, livestock, some general. Wheat and grain sorghums.

Area 10b - More cash grain, less livestock and general than 10a. Sorghums more important.

Area 10c - Less cash grain, more livestock, especially range livestock, than 10a or 10b.

Area 11 - Cash grain, livestock, general. Wheat, sorghums, some corn.

Area 12 - Cash grain, range livestock, some general. Wheat, sorghums. Average size largest of all areas.



(4) the number and percentage of farms of a given type;

(5) the acreage and percentage of farm land occupied by farms of a given type.

The average size of farms in 1959 varied, as shown in Table 3 from 280.2 acres in type of farming area 3, to 1,565.6 acres in area 12. These farms increase in size in an east to west direction. The percentage increase in size from 1950 to 1959 has been greater in the western counties than in the eastern counties.

Table 9 indicates the percentage distribution of farms by economic class in type-of-farming-areas, while Table 10 indicates the number and percentage of farms by size groups.

The distribution of different sizes of farms confirms the trend previously noted where average size of farm increased as gross sales increased. In 1910 approximately 10.7 percent of all farms were less than 50 acres. In 1959 this percentage was approximately ten percent showing very little change in 40 years. But at the other end the percentage of farms of 500-999 more than doubled; from less than six percent in 1910 to 16.6 percent in 1959. Still more dramatic, the percentage of farms in the 1,000 and over class, increased from less than two percent in 1910 to approximately ten percent in 1959. The group showing the largest decline has been the middle size farm. In 1910, 45 percent of all farms were in the 100-175 acre group. In 1959 however, the number of farms in this group had declined to 15 percent of the total of all farms.

Table 9. Percentage distribution of farms by economic classes in different farming areas in 1959, Kansas.

Type of farming area :	I :	II :	III :	IV :	V :	VI :	Part time :	Residential :	Abnormal :	Total percent :
1	.8	2.8	13.2	22.0	19.5	4.7	22.9	14.0	.1	100
2	1.1	4.9	15.1	23.2	21.4	5.9	16.2	12.2	--	100
3	1.4	4.2	13.3	19.5	16.5	4.4	27.4	13.3	--	100
4	2.6	6.9	16.7	27.3	18.8	5.4	12.2	9.9	0.2	100
5	3.4	7.8	17.0	22.2	20.6	4.9	13.6	10.5	.0	100
6a	3.0	8.3	23.9	28.0	19.4	3.7	7.1	6.5	0.1	100
6b	3.0	10.3	25.0	26.9	17.1	2.0	8.8	6.9	--	100
7	2.4	6.3	21.7	29.6	23.3	4.6	7.1	5.0	.0	100
8	1.2	5.7	21.3	31.9	20.4	5.9	5.4	8.2	--	100
9	2.7	8.0	21.2	31.7	19.8	4.1	7.3	5.2	.0	100
10a	7.7	16.1	23.9	25.2	14.4	3.5	5.5	3.7	--	100
10b	11.5	17.4	22.5	20.1	15.5	4.6	5.6	2.8	--	100
10c	11.5	18.6	22.5	22.3	13.5	2.2	4.3	5.1	--	100
11	5.1	14.0	27.6	27.8	14.5	3.4	5.1	2.5	--	100
12	18.8	25.1	25.8	14.7	8.5	1.3	3.9	1.9	--	100

Source: Calculated from U.S. Agricultural Census, Vol. 1, Part 21, Kansas, pp. 23, 160-169.

Table 10. Number and size of farms by size of farm groups, Kansas, 1959.

Farms by size (acres)	Total all farms	I	II	III	IV	V	VI	Part time	Residential
Under 10	2,889	17	40	76	150	130	220	1,240	1,006
10-49	7,573	20	30	65	200	510	607	3,745	2,391
50-69	2,093	2	5	15	70	285	175	811	730
70-99	6,546	6	10	70	315	1,360	730	2,445	1,610
100-139	4,599	14	25	100	540	1,610	495	1,020	795
140-179	11,151	205	65	480	2,196	4,562	961	1,666	1,196
180-219	4,532	17	35	350	1,705	1,565	230	340	290
220-259	7,007	26	205	795	2,785	2,370	280	316	230
260-499	27,976	200	1,450	7,419	11,900	5,371	636	535	465
500-999	19,699	668	3,300	8,305	5,616	1,510	140	80	70
1000-1999	7,508	1,116	2,664	2,633	874	168	30	14	7
2000+	2,561	1,371	781	278	83	28	16	--	--

Source: U.S. Agricultural Census, 1959, Vol. 1, Part 21, Kansas, p. 32.

## Internal Characteristics

Mechanization. Despite an actual reduction of 20 percent in the number of farms in Kansas in the 1950-1959 period, the amount of farm machinery used in production of farm products increased. Table 11 indicates that large items of capital equipment such as combines, corn pickers, motor trucks and tractors increased in number during this period by considerable percentages. The number of farms reporting automobiles declined, by 12.5 percent while the number of automobiles on farms declined by an almost identical 11.2 percent. This decline was, however, less percentage-wise than the decline in the number of farms, so that there was a net increase in the number of farms which had automobiles. The absolute number of telephones on farms declined also in this period, but as with automobiles,

Table 11. Changes in the number of certain assets held by Kansas farmers, 1950, 1959.

	: No. of units	: Actual	: Percent	: Units per farm		
	: 1950	: 1959	: increase	: increase		
				: 1950		
				: 1959		
Combines	68,884	72,115	3,231	4.6	0.52	0.69
Corn pickers	12,232	21,982	9,750	79.7	0.09	0.21
Hay balers	8,160	24,595	16,435	201.4	0.06	0.24
Motor trucks	88,835	122,300	33,465	37.6	0.68	1.17
Tractors	146,266	183,912	37,646	25.7	1.11	1.76
Home freezers	11,274	54,120	42,846	380.0	0.09	0.52
Milking machines	13,268	16,422	3,154	23.7	0.10	0.16
Telephones	89,756	87,358	-2,398	-2.6	0.68	0.84
Automobiles	133,606	118,549	-15,057	-12.3	1.02	1.14

Source: U.S. Agricultural Census, 1959, Vol. 1, Part 21, Kansas, p. 7.

they declined less than the percentage drop in farms, giving them a net increase.

Table 11 also indicates the changes in the amount of each of these assets held per farm. In most cases there were fewer units than farms. There was, for example about one grain combine for every two farms in 1950. By 1959 this ratio had increased to .69 combines per farm. Since 1945, in part due to the giant push given to agriculture by the war effort, the number of tractors have exceeded the number of farms. In 1950 there were 1.4 tractors per farm and by 1959 the ratio had increased to 1.76 tractors per farm.<sup>30</sup>

Irrigated Land. The number of acres of irrigated land in Kansas has increased by a phenomenal 385 percent in the ten year period 1950-1959. The number of irrigated farms increased by a somewhat smaller 291.5 percent during the same time period. But despite these striking increases, the actual number of farms with irrigation facilities remains relatively small. In 1950 only 1,166 farms (0.89 percent of all farms) were irrigated. By 1959 this had increased to 4,592 farms (4.4 percent of all farms). And despite the tremendous increase in irrigated acreage in 1959, the irrigated land accounted for only 1.34 percent of all land in farms. See Table 12 for specific details.

Fertilizer. Figure 5 shows the use of commercial fertilizers used on Kansas farms from 1925 to 1959. As indicated, the amounts used showed little gain until after World War II when they increased by almost 400 percent in five years.

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<sup>30</sup> U.S. Agricultural Census, 1959, Kansas, op. cit., p. 7.

Table 12. Irrigated land in Kansas, 1950, 1959

	Farms with Irrigation facilities		Land Irrigated		Irrigated cropland harvested	
	No.	% of all farms	Acres	% of all land	Acres	% of all cropland
1950	1,166	0.89	138,686	0.29	123,970	0.58
1959	4,592	4.4	673,466	1.34	684,146	3.26

Source: U.S. Agricultural Census, 1959, Vol. 1, Part 21, Kansas, p. 3.

The principal crops fertilized have been wheat, corn, oats, and alfalfa. In recent years the use of irrigation equipment in the western counties together with the use of fertilizer has made many speciality crops, such as lettuce, possible.

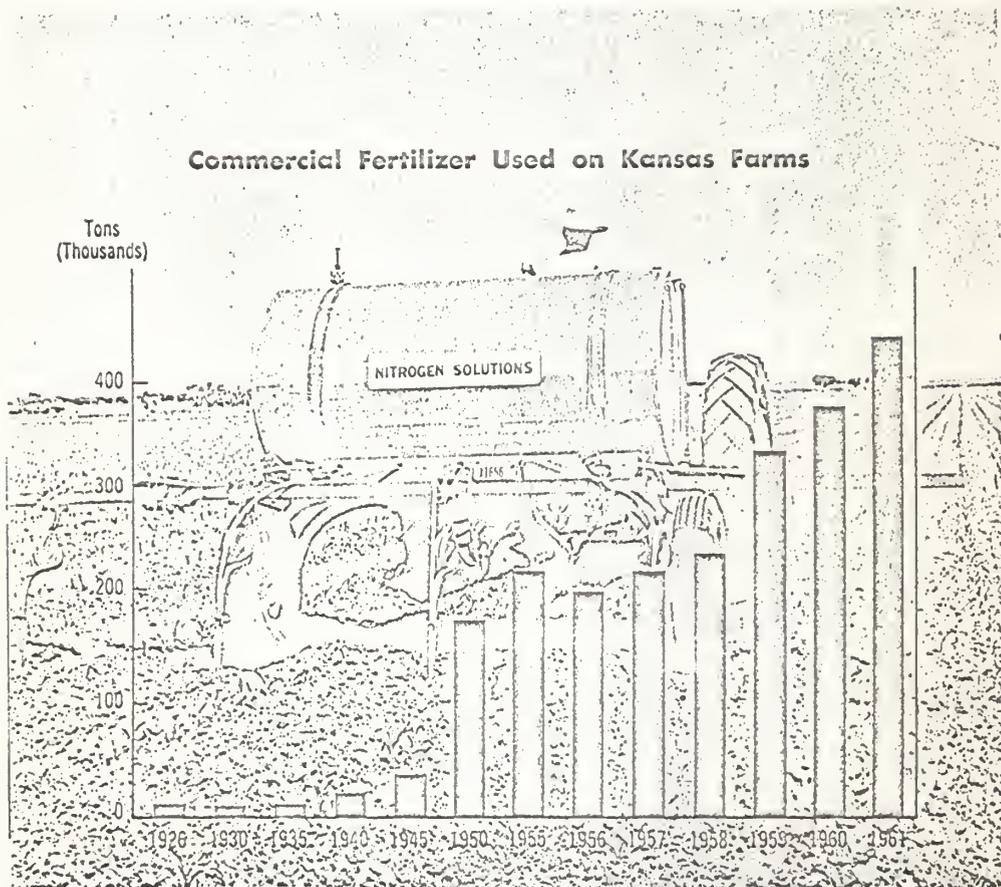
Most of the wheat fertilized has been in the eastern half of the state. Heavier rainfall in this half of the state has leached out the soils to a greater extent than in the western half. This need for replenishment of the soil and the higher annual rainfall have made fertilizer more practical than in the western counties where limited rainfall has also limited the extent of fertilizer usage.

#### Income Characteristics

Total personal income for the United States, the Plains States as a group,<sup>31</sup> and Kansas is shown in Table 13, for 1950 and 1959. Kansas ranked

<sup>31</sup> U.S. Department of Commerce, Office of Business Economics, Survey of Current Business (Aug., 1960, Vol. 40, No. 8), p. 17.

FIGURE 5



Source: Ag. in the Kansas Economy, Kansas State Board of Agriculture, p. 12.

Table 13. Total personal income in Kansas, 1950, 1959.

	: 1950	: 1959	: Percentage change
United States	225,473	380,664	68.8
Plains States	19,854	30,333	52.7
Kansas	2,634	4,238	60.8

Source: Survey of Current Business, U.S. Dept. of Commerce, Office of Business Economics, Aug., 1960, Vol. 40, No. 8, p. 17.

second only to Missouri in the five state area in total personal income in 1959. During the period 1958-1959 the United States experienced a growth in personal income of six percent, while the Plains States' total increased at a somewhat lower rate of three percent. Kansas, after a phenomenal ten percent increase in personal income in 1957-1958 settled back to a mere one percent gain in 1958-1959.

The percentage change since 1950, also shown in Table 13, indicates a national increase in personal income of approximately 155 billions for a gain of 69 percent. The increase for the Plains States was 53 percent.

Kansas experienced a gain in personal income considerably above the Plains States average, but slightly below the national average at 61 percent.

Table 14 shows the per capita income for the United States, the Plains States, and Kansas for 1950, and 1959. On the national level the average income per person in 1959 was \$2,166.<sup>32</sup> This represented a 4.7 percent increase over the previous year's average.

<sup>32</sup> Loc. cit.

Table 14. Per capita personal income, Kansas, 1950, 1959.

	: 1950	: 1959	: Percentage change
United States	1,491	2,166	45.3
Plains States	1,408	1,978	40.5
Kansas	1,374	1,994	45.2

Source: Survey of Current Business, U.S. Dept. of Commerce, Office of Business Economics, Aug., 1960, Vol. 40, No. 8, p. 17.

The Plains States' average income per person was \$1,978, for an increase of two percent over the previous year. Kansas, during the year 1958-1959, increased from \$1,983 to \$1,994, for a percentage increase of only 0.6 percent. The increase from 1950 however, has been in pace with the national average, both equaling 45 percent.

Table 15 gives the personal income as a percentage share of total personal income for the United States and Kansas by broad sources of income for 1958 and 1959. This table indicates that nationally, manufacturing ranked first as the major source of personal income, followed by government expenditures, and then property and other labor income. In Kansas, income from all government sources ranked first followed by other labor and property income, and then manufacturing.

Although Kansas has been traditionally characterized as a farm state, farming in 1959 constituted only 8.5 percent of the total personal income.<sup>33</sup> The amount attributed to the agriculture sector represents the

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<sup>33</sup> Calculated from data in Survey of Current Business, op. cit., p. 20.

Table 15. Personal income for the United States and Kansas by major sources of income as a percentage of total, 1950, 1959.

	1950		1959	
	U.S.	Kansas	U.S.	Kansas
Government	15.85	15.14	18.30	19.86
Farming	7.10	20.01	3.86	8.84
Mining	1.40	2.19	1.00	1.95
Contract Construction	3.51	3.37	3.99	3.98
Manufacturing and other industries	22.05	11.36	22.25	14.44
Wholesale and Retail trade	12.12	10.21	12.14	10.59
Finance, Insurance and Real Estate	2.58	1.55	3.08	2.10
Transportation	4.35	6.17	3.72	5.09
Communication and Public utilities	1.87	1.93	2.03	2.07
Services	6.06	4.20	6.76	5.09
Nonfarm Proprietors	10.14	12.14	9.10	11.86
Other	14.25	12.79	15.59	15.96
Less: Personal contributions to social insurance	1.27	1.06	2.05	1.98

Source: Survey of Current Business, U.S. Dept. of Commerce, Office of Business Economics, Aug., 1960, Vol. 40, No. 8, p. 17, and Kansas Business Review, Oct., 1959, Vol. 12, No. 10, p. 4.

direct income payments which may be isolated as income arising solely from agricultural activities.

Farm income for Kansas may be categorized as wage and salary disbursements, and income from farm properties. The former consists of wage payments to all hired labor on farms. The latter is a complex grouping which includes certain imputed incomes. The farm proprietor income is derived from five separately estimated items: (1) cash receipts from

farm marketings of crops and livestock, (2) payments to farmers under the government soil conservation and related programs, (3) value of food and fuel produced and consumed on farms, (4) the gross rental value of farm dwellings, and (5) the value (positive or negative) of the change in inventories of crops and livestock. Figure 6 indicates the components of farm income on the national level.

From this estimation of realized gross farm income the total expenses of production are deducted. The resulting figure is the realized net farm income. When the changes in inventory are taken into account the remaining figure is net farm income.

Total net farm income in Kansas in 1959 was \$353.3 million.<sup>34</sup> This figure represented a 29 percent decrease in personal income from 1958 accruing to Kansas farmers, and was largely responsible for the drop in the relative share of total income attributable to farming in 1959, as a percentage of all personal income. It dropped from 13.5 percent in 1958 to 8.8 percent in 1959.

The combined marketing of all farm products yielded a total of \$1,212.2 million.<sup>35</sup> This produced a net increase of 3.5 percent over 1958. Table 16 gives the realized gross farm income and net income from farming for Kansas in 1950 and 1959. Table 17 gives this same information for the United States as a whole.

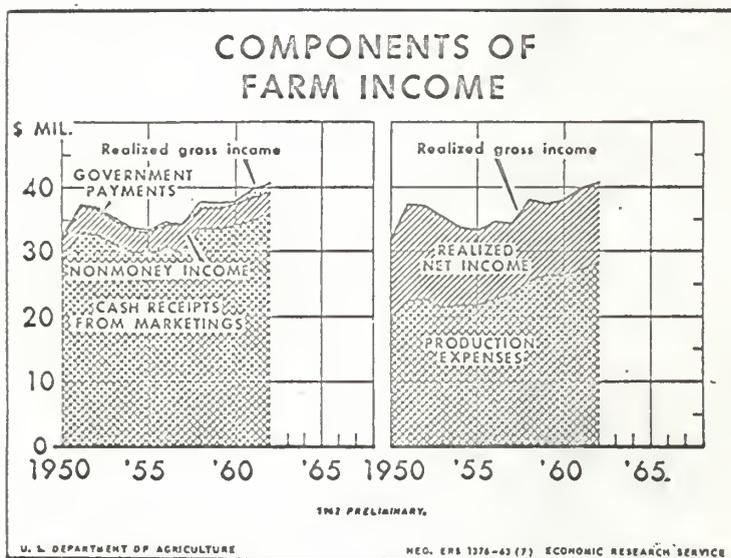
Another source of cash income to farmers was government payments.

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<sup>34</sup> U.S. Department of Agriculture, Economic Research Service, Farm Income, 1949-62 State Estimates, (FIS - 191, Supplement Aug., 1963), p. 23.

<sup>35</sup> Loc. cit.

FIGURE 6



Source: Iowa Farm Science, Feb., 1964, Vol. 18, No. 8, p. 12-636.

Table 16. Realized gross income and net income from farming, Kansas, for selected years, millions of dollars.

Year	Realized Gross Farm Income										Total net farm income
	Cash receipts from farm marketings	Govt. Payments	Value of home consumption	Value of consumption	Gross rental value of farm dwellings	Total value of farm dwellings	Farm production expenses	Realized net farm income	Net change in farm investment	Total net farm income	
1950	1,033.3	7.1	43.4	30.7	1,116.5	699.5	417.0	82.2	499.2		
1951	1,094.4	8.0	51.2	34.9	1,188.6	779.5	409.1	4.2	413.3		
1952	1,180.9	11.4	45.9	36.5	1,274.7	780.8	493.9	56.5	550.4		
1953	962.0	6.0	40.4	38.8	1,047.3	664.0	383.3	-115.0	268.2		
1954	961.0	8.6	35.2	32.0	1,036.7	691.9	344.8	29.3	374.2		
1955	848.4	7.1	32.9	33.9	922.3	681.0	241.3	-33.1	208.2		
1956	876.4	16.9	32.5	37.9	963.7	669.7	294.0	-93.2	200.8		
1957	676.1	94.6	34.3	38.9	844.0	759.5	84.5	147.0	231.5		
1958	1,170.9	35.0	30.6	42.4	1,278.9	927.1	351.8	145.6	497.4		
1959	1,212.2	28.1	25.0	44.6	1,309.8	923.3	386.5	33.2	353.3		
1960	1,217.1	28.5	23.4	54.1	1,323.1	950.8	372.2	78.2	450.4		

Source: Farm Income, 1949-62, State Estimates, U.S.D.A. Economic Research Service, FIS-191 Supplement, Aug., 1963, p. 23.

Table 17. Realized gross income and net income from farming, United States, millions of dollars.

Year	Realized Gross Farm Income									
	Cash receipts from farm marketings	Govt. payments	Value of home consumption	Gross rental value of farm dwellings	Total	Farm production expenses	Realized net farm income	Change in farm investment	Net change in farm investment	Total net farm income
1950	28,512	283	2,223	1,464	32,482	19,297	13,185	815		14,000
1951	32,958	286	2,471	1,608	37,323	22,165	15,158	1,176		16,334
1952	32,632	274	2,374	1,736	37,016	22,600	14,416	921		15,337
1953	31,126	213	2,161	1,765	35,265	21,366	13,899	-621		13,278
1954	29,953	257	1,944	1,711	33,865	21,664	12,201	490		12,691
1955	29,556	229	1,806	1,741	33,332	21,862	11,470	297		11,767
1956	30,564	553	1,775	1,734	34,626	22,594	12,032	-415		11,617
1957	29,824	1,016	1,762	1,787	34,389	23,371	11,018	762		11,780
1958	33,405	1,089	1,552	1,861	37,907	25,272	12,635	913		13,548
1959	33,512	682	1,328	1,957	37,479	26,200	11,279	92		11,371
1960	34,012	693	1,255	1,974	37,934	26,242	11,692	329		12,021

Source: Farm Income, 1949-62, State Estimates, U.S.D.A. Economic Research Service, FIS-191, Supplement, Aug., 1963, p. 39.

These payments were made under federal soil conservation and price support programs. Total payments to Kansas farmers in 1959 were \$28.1 million.<sup>36</sup> Compared to the \$35 million paid in 1958, this represented a 20 percent decline in government payments. Of total cash income for farms, government payments represented 2.3 percent in 1959.

Farm production expenses play an extremely important role in determining the economic position of the farmer. Table 18 gives the production expenses for Kansas, 1950 to 1960. In 1958 an average Kansas farmer spent 76 percent of his gross realized income for production expenses. The situation improved somewhat in 1959 when costs of production claimed only 70.5 percent of gross income.

An examination of farm production expenditures compared with the gross cash income may be more meaningful. Kansas farmers received cash income in 1958 amounting to \$1,170 million, out of which came \$927.1 million in production expenses.<sup>37</sup> Thus the average Kansas farmer spent for production in 1958, 82 percent of his cash income. The farmer was a little better off in 1959. Total cash income was \$1,212.2 million while production expenses were \$923.3 million.<sup>38</sup> Thus the cash costs of production in 1959 were 75 percent of total cash income.

Without government payments, the Kansas farmer would have faced production expenses in 1959 totaling 76 percent of his total cash income. It should be remembered that government payments as they are related here do

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<sup>36</sup> Loc. cit.

<sup>37</sup> Loc. cit.

<sup>38</sup> Loc. cit.

Table 18. Farm production expenses, Kansas, for selected years, millions of dollars.

	: 1950	: 1951	: 1952	: 1953	: 1954	: 1955	: 1956	: 1957	: 1958	: 1959	: 1960
Fertilizer and lime	12.2	12.8	19.1	16.0	14.6	15.2	14.1	14.3	13.7	18.8	21.6
Hired labor	43.1	42.5	44.8	39.1	39.7	36.2	32.8	36.2	43.3	41.7	41.6
Total current farm operating expenses	475.7	536.2	486.7	418.3	430.2	436.5	423.6	487.7	615.5	619.7	624.2
Taxes on farm property	45.5	54.1	55.3	54.6	56.0	59.0	57.0	61.6	65.4	69.3	73.6
Total production expenses	699.5	779.5	780.8	664.0	691.9	681.0	669.7	759.5	927.1	923.3	950.8

Source: Farm Income, 1949-62, State Estimates, U.S.D.A. Economic Research Service, FIS-191, Supplement Aug., 1963, p. 39.

not include price support payments to farmers, as these are included in the totals given for incomes from all farm marketings.<sup>39</sup>

A significant trend in recent years has been the increasing number of Kansas farmers working off their farms. This has been a statewide phenomena, and has not been confined only to the lower income groups of farm operators. Commercial operators have also been seeking additional income through nonfarm part-time jobs.

In 1950, 15.3 percent of all farm operators worked 100 or more days off their farms;<sup>40</sup> in 1954 the number had increased to 20.6 percent,<sup>41</sup> and in 1959 the percentage reached 23.2 percent.<sup>42</sup> In general the lower income groups had a higher percentage of operators working off their farms more than 100 days (see Table 1). The highest percentage of farmers with another job was found in the part-time economic group (86.7 percent). These are farms with a value of gross sales of farm products of \$50 to \$2,500, if the operator was under 65 years of age and he either worked off the farm 100 days or more, or the income he and his family earned from nonfarm sources was greater than the total value of farm products sold. The percentage of

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<sup>39</sup> Government payments, as defined in Major Statistical Series of the U.S. Department of Agriculture, Vol. 3, Gross and Net Farm Income, Agriculture Handbook No. 118, 1957, ". . . include rental and benefit, conservation, price adjustment, parity, production, and soil bank payments - all money paid directly to farmers by the government in connection with its various farm programs. Indirect financial aid, transmitted to farmers through commodity price supports or nonrecourse loans, is counted in cash receipts from marketings."

<sup>40</sup> U.S. Agricultural Census 1959 Kansas, op. cit., p. 7.

<sup>41</sup> Loc. cit.

<sup>42</sup> Loc. cit.

operators of commercial farms working off farms 100 days or more varies from seven percent in classes I and II to 29 percent in class V.

Another measure of the farm income structure is the amount of nonfarm income in the farm family. It has just been noted that the trend for more and more operators to work off their farms to earn additional income has been increasing. Many earn income from these nonfarm sources which exceed the value of the farm products sold on their farms. As it might be expected, the part-time economic class has the highest percentage with this characteristic, 82.8 percent. The commercial farms vary from 3.6 percent for class I and II, which had gross sales of \$20,000 and over, to 26 percent for class V which had gross sales of \$2,500 to \$5,000.

It is significant to note that in each economic group from the largest commercial operators to the small residential farmers, there were some operators who found it necessary to seek off-farm work for 100 or more days per year, and some who actually earned more off-farm income than they did from the sales of the products off their farms. And while the greatest percentages of these two characteristics were to be found in the lower income groups, the disparity between farm and nonfarm income levels seems to be important to all farm operators.

Farm operators have traditionally sought ways to increase their family incomes. But it has not been until recently that nonfarm job opportunities became economically feasible.

One main reason for this has been the decentralized nonfarm industrial sector of our economy. This, and the growth of rapid transportation which permits long distance commuting has induced many farmers to seek part-time work.

Mechanization and technological improvements continue to release labor from farm requirements to industrial opportunities. At the beginning of this century 60 percent of the nation's labor force was directly engaged in farming compared with fewer than ten percent in 1960. Grain farming, especially, has reflected the enormous amount of labor saved by using modern farm equipment and machinery. In 1910, for instance, it required 75 percent more man-hours of labor to produce a bushel of wheat than it did in 1960.

#### Agricultural Labor

In 1950 the average age of farm operators in Kansas was 48.4 years.<sup>43</sup> By 1954 this had increased to 48.6 years,<sup>44</sup> and in 1959 it was 50.5 years.<sup>45</sup> The increases are small and may only reflect the greater life expectancy for the population achieved over time.

A more noticeable change is evident in the structure of the age groups as indicated in Table 19. It should be noted first of all that, as previously stated, the number of farm operators declined in the ten year period 1950-1959 by 20 percent. At the end of that period the number of farm operators who were classified in the age group of 25 or under had declined by 57 percent. At the other extreme the age group of farm operators who were 65 or over had decreased by only four percent. The dividing line between those groups that declined by more than 20 percent and those that declined by less than 20 percent seemed to be at age 45.

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<sup>43</sup> Loc. cit.

<sup>44</sup> Loc. cit.

<sup>45</sup> Loc. cit.

Table 19. Structure of age groups by economic class, Kansas, 1959.

	Total : all farm :	I	II	III	IV	V	VI	Part : time	Resi- : dential
Operators reporting age	102,571	3,426	8,534	20,356	26,088	19,053	4,247	8,790	20
Under 25	1,775	32	103	281	479	390	118	--	--
25-34	12,352	517	1,313	3,329	3,281	1,677	316	--	5
35-44	21,923	1,042	2,567	5,785	5,542	3,367	433	--	--
45-54	26,181	972	2,525	5,814	7,513	4,716	1,033	--	7
55-64	22,467	621	1,508	3,836	6,237	4,928	2,347	--	7
65+	17,873	242	518	1,311	3,036	3,975	--	8,790	1
Average age	50.5	46.5	46.1	46.3	49.2	52.4	52.6	71.6	50.8

Source: U.S. Agricultural Census, 1959, Vol. 1, Part 21, Kansas, p. 32.

This would indicate that the majority of farm operators who are leaving farms are younger farmers and that fewer younger men are becoming farm operators. The most plausible reasons for this are: (1) more nonfarm job opportunities for younger men are available, and (2) the transition from farm to nonfarm life is easier for younger men than for older farm operators.

Another interesting characteristic of Kansas farm operators is the amount of total labor utilized on their farms. Table 20 shows that in 1959 154,805 farm workers were directly involved in the operations of producing farm products. This figure includes all farm operators, and family and/or hired workers. In the ten year period 1950-1959 the number of farm workers declined by 25 percent, the number of farms reporting usage of hired labor declined by 14 percent, and the amount of money paid to hired labor declined by 15 percent.

Table 20. Hired labor on Kansas farms, 1950, 1959.

	: 1950	: 1959	: Percent change
Family and/or hired workers	208,409	154,805	- 25.0
Farms reporting	62,010	83,454	- 13.8
Dollars	395,513,955	33,496,202	- 15.2

Source: U.S. Agricultural Census, 1959, Vol. 1, Part 21, Kansas, p. 8.

The nonagricultural labor force, as estimated by the Kansas Department of Labor Employment Security Division, in 1959 was approximately 557,600

workers (see Figure 7).<sup>46</sup> Together with farm workers this gives a civilian labor force of 712,405 workers. If it is assumed that approximately two out of every five workers in Kansas are employed in farming or a related industry<sup>47</sup> (see Ag in Kansas) this would mean that approximately 271,000 workers are employed in agribusiness occupations. While the number of farm operators and farms as separate entities has declined in the last decade, the size of the agribusiness group has steadily increased. This is indicative of the continuing emphasis on improved services, processing methods, and distribution techniques.

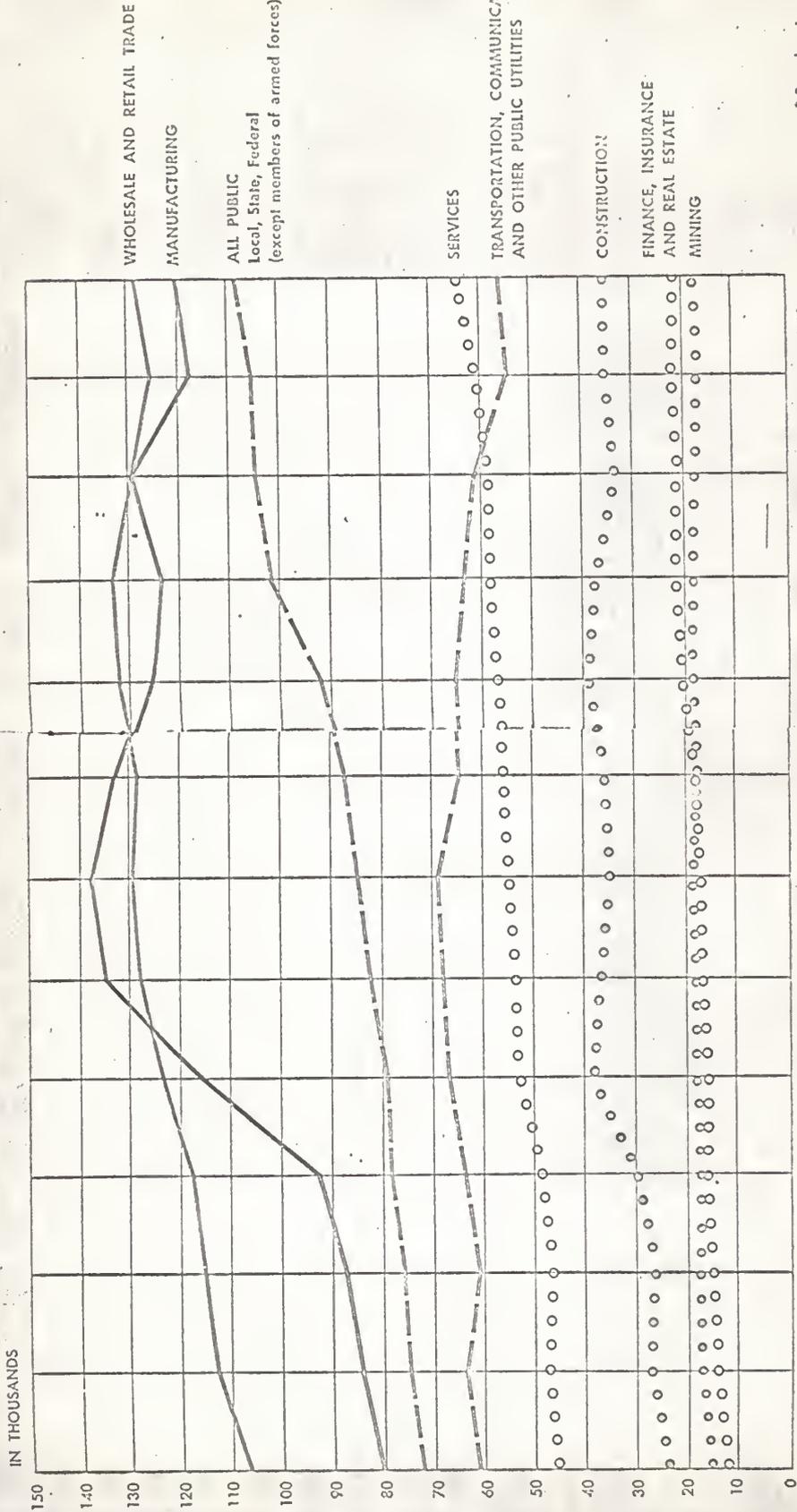
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<sup>46</sup> "Kansas Employment Pattern," Kansas, Jan.-Feb., 1960, Vol. XV, No. 1, pp. 22-23.

<sup>47</sup> "Agriculture in the Kansas Economy," Kansas State Board of Agriculture, 1962, p. 8.

FIGURE 7

# KANSAS NON-FARM EMPLOYMENT PATTERN



\* Based on incomplete data

# KANSAS EMPLOYMENT PATTERN

## CHAPTER III

IMPACT OF THE CED PROGRAM FOR AGRICULTURE ON KANSAS FARM  
INCOME AND RURAL POPULATION

## Basic Assumptions

Before any projections can be made about the future of Kansas agriculture under the proposed CED program, it would be well to make some initial assumptions.

For the economy as a whole it is assumed that population will continue to grow at the rate experienced in the 1950-1960 period of approximately 1.4 percent per year. Peace and moderate prosperity will continue with per capita personal incomes rising at the 1950-1960 rate of 4.5 percent per year. Prices paid by farmers, and retail prices will not rise significantly above current levels (1960). There will be no major change in the international situation. Productivity increases, as reflected in past yield trends will continue under the new farm program.

Price supports for wheat, cotton, rice, feed grains, and related crops would be reduced immediately, as the CED recommends, to the prices "...that could be expected to balance output and use..."<sup>48</sup> Accordingly, all production controls on these crops would be removed.

Production and Prices. With government production controls and price supports removed completely, the USDA report<sup>49</sup> shows that farm prices for

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<sup>48</sup> Committee for Economic Development, op. cit., p. 42.

<sup>49</sup> U.S. Department of Agriculture, Farm Prices 1960-1965 (Washington: Government Printing Office, 1960), p. III.

commodities would drop to the following levels: wheat, \$0.90 per bushel; corn, \$0.80 per bushel, with other feed grain prices in proportion; beef cattle, \$15.00 per hundredweight; hogs, \$11.20 per hundredweight; milk, \$3.60 at wholesale; eggs, \$0.29 per dozen; and broilers, \$0.15 per pound.

These prices are substantially lower than the adjustment prices suggested by the CED report. The CED report suggested an adjustment price for wheat of \$1.35 per bushel and for feed grains, the equivalent of \$1.00 per bushel for corn.<sup>50</sup>

It is difficult to estimate the production acreage under these conditions since so many variables affect it. The CED report does not indicate specific acreage estimates. They say only that the price signals should be allowed to tell farmers how much of each crop is wanted. The USDA report, under no acreage control assumptions, suggests that the acreage of wheat planted would increase immediately to 64 million acres, from 58.4 million in 1959, and then fall back to 61 million in five years.<sup>51</sup> This would amount to an initial increase of eight percent and an overall increase after five years of 4.5 percent.

General Results Under Free Prices. The above conditions, as explained in the 1959 USDA report on farm price and income projections under conditions approximating free production and marketing of agricultural commodities, would increase the total farm output by about 20 percent in five years.<sup>52</sup> Nationally, this would mean that the total farm output would be 137 percent

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<sup>50</sup> Committee for Economic Development, op. cit., 1. 423.

<sup>51</sup> U.S.D.A. Farm Prices 1960-1965. op. cit., p. 13.

<sup>52</sup> Ibid., p. 9.

of the 1947-1949 average. For Kansas, a 20 percent increase in farm output would raise the index of crop production from 126 to 146.

Projected cash receipts from farm marketings on the national level would be about two percent higher than the 1955-1957 average.<sup>53</sup> Most of this increase would come from livestock and livestock products.

With this projected increase in farm output, the USDA study assumed a per capita food consumption level of about 198 (1947-1949 = 100) for 1965, about five percent higher than in 1953-1957.<sup>54</sup> Per capita consumption of food livestock products would be eight percent higher with meat, including poultry accounting for all of the increase. Per capita food use of crops would be practically the same as before the change in price supports.

If these figures are applied to Kansas, an eight percent initial increase in wheat production would increase acreage from 10,485,000 acres to 11,323,800 acres, of wheat harvested. After the five year adjustment period suggested by the CED wheat acreage would be approximately 10,956,925 acres.

The greater volume of wheat marketed at \$0.90 per bushel would result in a reduction in the cash income received by farmers from sales of wheat by approximately 44 percent over the 1959 cash receipts of wheat.

The question now must be asked, which group of Kansas farmers will this reduction in farm income affect most. The decrease in income from sales of wheat and from other farm services will affect all farmers to some extent, but some obviously more than others.

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<sup>53</sup> Ibid., p. 3.

<sup>54</sup> Loc. cit.

The CED has suggested that a reduction of 2,000,000 farmers, or one third of all farmers, would result in a better balance of resources to be used in agriculture. This reduction of agricultural workers would result in a decline in the number of farms as separate entities. A very high proportion of this decline in employment could be expected among full-time farm operators. Reduction in the number of hired farm laborers would most probably not occur. An agriculture operating with one third fewer farms and farmers would probably require more hired workers than are presently being used.

Little reduction could be expected to take place in the part-time farming groups. These farmers include those individuals who are part-retired, or those who have considerable nonfarm employment along with their farming interests. Most of these enterprises, of necessity are oriented toward farm production practices which would not be directly affected by a drop in the price of government supported commodities. In addition many of these operators are farming for non-economic motives. To many, farming is of secondary importance. Table 1 indicates that the proportion of farm operators who worked off their farms in 1959 were highest in the economic groups that had gross incomes of less than \$10,000. Likewise the proportion of farmers who had other income of family that exceeded the value of their farm products sold, was also highest in the groups earning less than \$10,000 annually.

Another category of farms which would not likely yield to the pressure of lower incomes, is the large well financed commercial farm with sales of farm products exceeding \$10,000 per year. On these farms neither the operator nor the hired labor could be expected to be displaced during the

five year transition period. Those, who for some reason did leave would be quickly replaced by others who enter, or by those who enlarge their operations as more land becomes available.

The most susceptible group would be the farm operators and families on farms producing products with a gross value of from \$2,500 to \$10,000 per year. This includes all of economic group IV and V in 1959 and amounts to 44.1 percent of all Kansas farmers. On the national level this group of farmers numbers about 1.6 million. Elimination of this entire group, with its associated family labor would achieve the CED objective of removing two million farm workers from agriculture. In Kansas, elimination of this group of farm workers would mean the loss of almost half of all Kansas farms, and farm operators.

While it is possible that many of the farmers in the economic groups just mentioned will be forced to move off their farms because of falling incomes, the CED report emphasizes measures designed to attract excess resources away from the production of farm goods. The most important of these measures, high nonfarm employment, is however, essentially a non-farm economic problem. The CED believes that a high and growing nonfarm employment can be achieved if certain steps are taken. These steps were proposed in an earlier CED statement that emphasized:<sup>55</sup>

(1) The potential contribution of monetary and fiscal policy to a steady rate of growth in total expenditures for goods and services, and

(2) Moderation of the rate of increase of wages and other labor costs, so that the rise of total expenditures is not absorbed by higher prices, but takes effect in raising production and employment.

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<sup>55</sup> Committee for Economic Development, op. cit., p. 33.

Thus the success of the measures suggested by the CED to attract resources out of agriculture are themselves conditional, and dependent on solution of the nonfarm employment situation. Two assumptions may be taken before further analysis proceeds: (1) that the basic tenets of the resource mobility proposal are valid apart from their dependence on other exogenous factors, or (2) that it is not realistic to build a farm policy program around a nonfarm conditional phenomena, which itself needs correction. If the former is accepted, resources, particularly farm workers will flow out of agriculture in response to better employment opportunities offered by nonfarm sectors of the economy. If the latter is accepted resources will be forced out of agriculture because of low incomes and inability to meet production expenses, to face an already overcrowded nonfarm employment situation.

#### CED Proposal Effects on Population

While there undoubtedly would be some difference in the magnitude and composition of the group under each of the above two assumptions, for the purpose of this paper it will be assumed that all farm operators and their families in economic classes IV and V elect to make some change in their means of livelihood during the five year transition period. These two classes alone contained 45,853 farm operators or 44.1 percent of all Kansas farm operators in 1959.

In 1959, Kansas had 45 counties where no community center had a

population of 2,500 or more (see Figure 8).<sup>56</sup> According to census calculations there is a higher proportion of class IV and V farms in these counties than in the remaining counties. In addition, as Figure 9 indicates, the percentage of the population in these counties classified as rural non-farm is about 60 percent. In other words, a given number of farm operators in these economic classes and in these counties, seem to require at least as many nonfarm people to provide goods and services to the farmers, and to each other. Some goods and services will of course be obtained from larger urban centers.

If it is assumed that there is one nonfarm service person for each farm operator, the departure of 45,000 farmers would also mean the displacement of 45,000 non farmers. Assuming a population per household of 3.14<sup>57</sup> the loss of 45,000 farm jobs, and 45,000 nonfarm jobs would involve the displacement of 13 percent of the total 1960 population.

If the agribusiness economy as a whole is analyzed under the assumed changes, the loss of approximately 55,000 farm workers (45,000 farm operators and associated hired and family labor) reduces the number of farm workers as a percentage of the total labor force in 1959 from 22 percent to 14 percent. The Kansas Board of Agriculture has estimated that approximately 37 percent of the state's labor force is employed in farming and related industries.<sup>58</sup> With farm workers composing 22 percent of this group, the related activities associated with serving farmers, marketing

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<sup>56</sup> "Statistics for Kansas Counties," Extension Service, Kansas State University (MR-120, Oct., 1963), p. 6.

<sup>57</sup> Ibid., p. 3.

<sup>58</sup> Agriculture in the Kansas Economy, op. cit., p. 42.



FIGURE 9

Percent of the Total Population That is Rural Nonfarm

KANSAS: 24.3

DEWELP	RAMFORD	DECATUR	NORTON	PHILLIPS	SMITH	JEWELL	REPUBLIC	WASHINGTON	MARSHALL	NEHAMMA	BROWN	DONIPHAN
50.8	57.0	57.4	26.6	26.8	54.6	47.9	28.2	48.3	37.4	55.1	36.6	48.9
SHERMAN	THOMAS	SHERIDAN	GRAHAM	ROOKS	OSBORN	MITCHELL	CLOUD	CLAY	RALEY	POTTAWATOMIE	JACKSON	ATCHISON
8.3	15.5	44.6	67.0	42.7	60.9	27.1	25.8	21.7	37.6	64.9	25.5	22.5
WALLACE	LOGAN	BOVE	TREGG	ELLIS	RUSSELL	LINCOLN	OTTAWA	DICHINSON	OSAGE	WABASH	WARREN	JEFFERSON
62.9	74.2	52.6	9.4	28.6	26.8	53.3	67.5	27.7	29.1	53.9	12.4	60.0
BAKELLY	WORTH	SCOTT	LANE	NESS	RUSH	BARTON	ELLEWORTH	BALNE	MC PHERSON	MARION	LYON	BEANE
70.1	53.8	7.8	57.0	60.8	63.4	14.9	16.1	16.1	22.0	60.5	15.9	14.8
HAMILTON	MCANNEY	FINNEY	HOODMAN		PHINNEY	STAFFORD	RENO	HARVEY		GREENWOOD	COFFEY	ANDERSON
73.8	69.1	13.1	49.2		29.3	69.6	23.8	26.1		58.2	23.0	54.2
STANTON	GRANT	MASKELL		FORD	EDWARDS	PRATT	SEDGWICK	BUTLER		WOODSON	ALLEN	BOURBON
61.2	23.5	64.3	58.3	21.7	69.6	17.6	7.3	36.4	40.0	58.2	36.8	14.1
MORTON	STEVENSON	SCHWAB	MEADE	CLARK	NOVA	BARBER	LANGHAM	BLANKEN	COMWLEY	ELR	WILSON	MCNEELY
81.8	11.5	9.0	69.3	78.2	70.8	23.0	23.0	37.5	19.1	63.5	21.0	22.9
					COMANCHE		HARPER			CHATHAM	MONTGOMERY	LABETTE
					60.6	43.7	38.0			70.8	14.2	29.9
												29.8

A large percentage of rural nonfarm population indicates that numerous people reside in villoges or towns of less than 2500 but not on farms. Those counties that have a larger city also have a smaller percentage of rural nonfarm population.

Source: Statistics for Kansas Counties, Wayne C. Rohrer and Charles Langford, Extension Service, Kansas State University, MF-120, Oct., 1963, p. 6.



of goods, and the distribution, are responsible for only 15 percent of the agribusiness group.

The decrease of farm workers would not necessarily require a proportional decrease in the number of those engaged in the various services mentioned above, for in all probability production under the CED assumptions would increase, thus requiring the same amount or more of some services. However, as farmers leave and farms become consolidated into larger units, some economies of scale can be expected to take place, thus requiring fewer services per acre of land in those techniques directly associated with production.

#### Potential for Improved Labor Market

According to calculations from Kansas Business Review statistics<sup>59</sup> average estimated non agricultural employment in Kansas in 1959 was 549,670 persons. Active applications for employment with the Kansas Employment Security Division amounted to an average of 22,413 persons for the year 1959. Thus, unemployment in Kansas in 1959 stood at approximately 4.1 percent.

The CED report recognized the need for training programs and education aids in the movement of farm people to nonfarm jobs. These new jobs however, are not intended to be rural jobs, nor, in all probability, could additional jobs be created in these rural areas, especially with a high

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<sup>59</sup> The average figures for the estimated nonagricultural employment, and the active applications on file for employment in Kansas in 1959, were obtained from Vol. 12, numbers 1 through 12 of Kansas Business Review, 1959.

negative rate of population migration. The only alternative for employment would seem to be in the larger metropolitan and industrial areas.

With approximately 22,000 persons, or four percent of the labor force already seeking jobs, or at least new jobs, the addition of 100,000 farm workers and small business ex-owners who served these farmers, to the unemployment list, would result in a total unemployment figure of 22 percent. Calculations from the Kansas Industrial Development Commission figures<sup>60</sup> indicate that industrial growth in Kansas in the ten year period 1948-1958 has provided for approximately 13,325 new jobs per year. Population growth for the state as a whole during this period was 14.3 percent, or 31,154 persons per year. While it may be safely assumed that this percentage increase was not uniform for all ages, it would seem to be logical to assume that the increase in the population alone could more than fill the 13,325 available jobs each year. Thus even though industrial expansion has been increasing in Kansas for the past decade, a four percent rate of unemployment does exist, and the prospect of 100,000 additional persons seeking employment in competition with the already unemployed, even if they were trained for nonfarm jobs, makes this proposal seem highly unrealistic.

The fact is that many farm operators are not trained for nonfarm skill, many have neither the capability or desire to learn a new skill, and many would be rejected at training centers because of age limitations. Of the 45,000 farm operators in 1959 in economic classes IV and V only 14,736 or 33 percent were between the 25 to 44 years age group (see Table 19). This means that 67 percent of all farm operators in these groups

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<sup>60</sup> "Kansas Employment Pattern," op. cit., p. 22.

which are the most susceptible groups to failure under the conditions of no support prices and unlimited production, are over 45 years of age. Job retraining, job availability, and even movement to urban centers is far more difficult for these farmers than for those under 45. Yet two thirds of those farmers in Kansas that the CED would suggest as being excessive resources, are in this age category.

#### CED Proposal Effects on Farm Income

The price estimates given on page 56 are based on the 1959 USDA report on farm price and income projections under conditions approximating free production and marketing of agricultural commodities. Since the incomes derived from sales of wheat and cattle make up the largest proportion of gross income to the farmer, these two will be used in estimating income changes in response to price and resource changes.

The prices used in the USDA report are somewhat lower than those suggested by the CED report. The estimated price for wheat which could be expected to permit an orderly reduction of stocks over a seven to ten year period in the USDA report is \$0.90 per bushel.<sup>61</sup> The CED assumes an equilibrium price of \$1.35 per bushel<sup>62</sup> which would balance output and demand, assuming that no new additions are added to government stocks. Both reports cover specific areas and cannot be compared as such. Following the seven to ten year period of surplus reduction in the USDA

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<sup>61</sup> U.S.D.A. Farm Prices 1960-1965, op. cit., p. 23.

<sup>62</sup> Committee for Economic Development, op. cit., p. 43.

report, the price should come up as a result of a smaller volume offered only by farmers. Likewise, the CED estimate is high if some reduction of stock is to take place. Other studies have suggested, however,<sup>63</sup> that the price of \$0.90 per bushel is more realistic than \$1.35 per bushel, so this price level will be used for comparison in this paper.

With this price for wheat and an equilibrium acreage (that is after the five year price transition period) of 10,956,925 acres, gross income from sales of wheat would amount to \$202,155,232, down almost 45 percent from the 1959 level of \$366,975,000.

Beef prices, as estimated by the USDA report would stabilize at approximately \$15.00 per cwt., in response to a 25 percent increase in cattle production.<sup>64</sup> Farmers in Kansas in 1959 received \$0.225 per pound for 1,560,165,000 pounds of beef cattle marketed.<sup>65</sup> Under free price and production assumptions 1,951,456,250 pounds would be sold for only \$0.15 per pound, yielding a total cash income for cattle sales to farmers of \$292,718,437. This represents a reduction of ten percent over the 1959 cash receipts for beef cattle.

Taken together, gross receipts from sales of wheat and cattle would amount to a total of \$494,936,669 or 31 percent below the 1959 level. Since these two commodities represent a major proportion of total farm marketings (64 percent) they tend to indicate the movement of farm incomes

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<sup>63</sup> Loyd Fischer, "Impact of the CED Program for Agriculture on Nebraska's Rural Population," Nebraska Farm and Ranch Economics (No. 182, March, 1963), p. 4.

<sup>64</sup> U.S.D.A. Farm Prices 1960-1965, op. cit., p. 11.

<sup>65</sup> Farm Facts, Kansas State Board of Agriculture, (Topeka, 1959-1960), p. 88.

due to price changes. It can be assumed then that the total cash receipts accruing to farmers under the conditions suggested by the CED would drop by almost one-third.

Realized net incomes per farm operator would increase under these conditions, however, because the drop in total realized net incomes due to farmers would be less than the proposed reduction in farm operators.

The term realized net farm income is used to indicate the monetary return to the operator for his labor, the family labor, and for his investment in land, buildings and working capital. A study by J. Hassler from the University of Nebraska in 1963<sup>66</sup> has shown the breakdown of realized net income between land capital, working capital, and labor in Nebraska to be as indicated in Table 21. If it is assumed that Kansas Agriculture is structured similarly, the three income claimants for Kansas farmers in 1959 would be as indicated in Table 21.

If the CED objective is reached and two million farm workers leave agriculture, the smaller value of output from each acre due to the reduction of government controls on price and acreage, will be reflected in a reduction of land prices. The CED recognizes this problem but does not think that the effects of their recommendations would be widespread. In areas where acreage allotments have been capitalized into land values, however, the loss of the high earning power of the allotment would have a definite effect on land prices. Such is the case in Kansas where in 1959, 49 percent of all cropland harvested was in wheat.

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<sup>66</sup> J. Hassler, "Estimated Price and Income for Nebraska from Elimination of Agricultural Production and Marketing Controls in 5 Years," Nebraska Farm and Ranch Economics (No. 182, March, 1963), p. 3.

Table 21. Income claimants for Kansas farmers, 1959, 1964.

Income claimant, Kansas farm income, 1959		
Land and buildings capital	45%	\$159,000,000
Other capital	25%	88,300,000
Labor and management	30%	106,000,000
Total	100%	\$353,300,000

Income claimant, Kansas farm income, 1964		
Land and buildings capital	26%	\$ 61,500,000
Other capital	35%	82,800,000
Labor and management	39%	92,400,000
Total	100%	\$236,700,000

Value of land and buildings, Kansas, 1959, 1964		
	1959	1964
Total	\$511,780,296	\$204,800,000
Per acre	\$100.36	\$40.10

Source: Calculated from Nebraska Farm and Ranch Economics, March, 1962.

The reduction in land values would have two effects: (1) it would result in less intensive farming per acre, and (2) it would change the income claimant picture to shift a larger proportion of the net income to the farm operator for his labor and management capital. Table 21 indicates how the division of income might look if Hassler's estimate for Nebraska is used.

The value of land and buildings would take a severe blow under these conditions, for not only would there be less income to be divided among the three income claimants, but the percentage going to land and buildings would have decreased by almost 20 percent. This would result in a total loss in value of land and buildings to farm operators of about 60 percent. Land values per acre would fall from \$100.00 per acre to \$40.00 per acre.

## CHAPTER IV

## CONCLUSION

Since the central theme of the CED proposal for American agriculture seems to deal primarily with the rate of migration out of agriculture, it would be pertinent to question whether this suggestion is based on sound assumptions. The figure of a reduction in the farm labor force on the order of one third in a period of not more than five years, was chosen because it,

...would be large enough and fast enough to offset the effects on farm output of new technology and investment. It would thereby contribute to the basic goal of a net reduction of the resources - human labor and other - now employed in farming.<sup>67</sup>

Historically, farms have been releasing labor for non-farming employment since 1935. For the past two decades, this rate, nationally, has averaged yearly about 3.5 percent of the farm population. During the 1940's approximately 9.5 million persons moved from their farms to non-farm residences. C. Bishop estimates that if relatively full employment is maintained and if the earnings of the non-farm workers continue to rise relative to the earnings of farm workers, that during the 1960's it may be expected that 7.1 million farm persons would migrate to non-farm residences. Of this total, approximately 1.6 million would be farm workers. This numerical figure would satisfy the rate-of-migration condition for the CED, but it would take ten to fifteen years for completion, instead of the five

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<sup>67</sup> Committee for Economic Development, op. cit., p. 59.

year limitation they suggest. The measures designed to aid in job retraining labor movement and job information might cut down the "natural" ten to fifteen year migration, but probably not to the five year level.

The CED proposes to decrease resources in agriculture at a rate faster than the increase of technology. But at the same time many jobs in the non-farm economy are being drastically overhauled or eliminated due to the adoption of new technology in that sector. Increases in automation and the natural flow of new labor available each year during any five year period will tend to make it difficult for farm workers to find non-farm employment. Even if a massive retraining program were to be established for farm workers, unless the level of unemployment in the economy can be reduced below five percent, the ability of these workers to find employment would be extremely difficult.

Then too, the suggested movement of 44 percent of all Kansas farm operators can be seriously questioned in light of the age distribution of this group. Well over half (60 percent) of this group of farmers are over 45 years of age and have few or no realistic alternatives to farming. They are too old to actively participate in retraining programs in competition with younger men. And even when or if they did receive training in new skills, the decreasing demand for semi-skilled jobs would limit the number that could be hired.

Most farm operators 45 years of age or older have probably lived and worked on their farms all their lives. Their "feeling" for the land is strong. They will have reached the age when their children are in high school or college--when family expenses could be unusually high. Movement off the farm to an unfamiliar urban community would be difficult enough,

but the prospect of starting out in a completely new job at a relatively low worker status, might seem insurmountable to many farmers.

Migration from farms by persons over 45 has been smaller by far, as can be seen by the changes in the age groups of farmers in Table 19, than the migration by persons under 45 years of age. Ignoring for a moment the fate of those too old to move but unable to make a living on their farms with low prices, if the CED objective of removing one-third of all farm workers is to be met, then it would probably be necessary for one-half of all workers under 45 years of age to relocate.

If farm workers do decide to move to a non-farm job, and if they can receive some new training, what are the chances for success in the new job?

A study by Robert W. Lewis, "The Productivity of Rural Workers on Industrial Jobs," made in Kansas, March, 1964 has indicated some interesting results. In the conclusions of his article he makes these evaluations of rural workers:

In general these businessmen believe that the best worker is one who reports for work promptly day after day, works hard on the job, is an innovator, and is an individualist to the extent that he is indifferent to union activities - if a union exists in the plant. According to the managers who were interviewed, rural workers possess these "qualities" to a greater extent than do workers with urban backgrounds.<sup>68</sup>

In discussing characteristics of reliability he says:

A more accurate generalization, it seems to the author is, that workers from the farm, particularly the older ones, are likely to develop into reliable, passive, but relatively uninspired employees working at semiskilled jobs.<sup>69</sup>

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<sup>68</sup> Robert W. Lewis, "The Productivity of Rural Workers on Industrial Jobs," Center for Research in Business (The University of Kansas, Lawrence, Kansas, March, 1964), p. 35.

<sup>69</sup> Loc. cit.

Workers contemplating moves to industrial jobs should consider that if they will be satisfied with semiskilled jobs,

...they should recognize that many managers will welcome them with open arms. On the other hand, if they wish to work their way up the skill or supervisory ladder, it may be necessary for them to enroll in vocational training programs before or immediately after they obtain employment. In addition, they may wish to examine their whole attitude towards industrial work, its demands and its rewards, to see how they should adapt to their new position.<sup>70</sup>

Finally, he concludes that,

...it should be emphasized that though the industrial worker who comes from a rural background is not all that legend would have him to be, he is still an excellent worker who is held in high regard by his employer. He will continue to be so held in those companies whose jobs call for men utilizing low to medium work skills. In the more highly-skilled positions he will seldom have the opportunity to earn such esteem. Usually, he is not qualified to meet the technical demands of these jobs when he leaves the farm, nor does he have much of an opportunity in the years that follow up with an advancing technology.<sup>71</sup>

There is room too, to question the validity of the CED statement when they confess that their entire resource migration proposal is based on the assumption of a healthy and growing non-farm economy where relatively full employment exists. The fact that they have previously issued a statement on ways to achieve this desired goal, should not form the foundation for future policy which, of necessity, must depend on the actual solution of the non-farm unemployment situation. The light treatment of this subject by the CED constitutes a serious flaw in analytical judgment.

There are however, many constructive and applicable aspects of this

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<sup>70</sup> Ibid., p. 36.

<sup>71</sup> Ibid., p. 38.

program. Unfortunately, most depend on or were so designed in their purpose, to augment the resource movement and free price and production policies.

The very scope of the proposal with its assorted complementary programs, deserves much credit. When each succeeding political administration only adds onto or amends in some way, the previous administration's farm programs, it is at least interesting, to see in print, a proposal designed to cope with and solve all of the farm problems. The measures designed to aid in mobility, in job information and retraining, all deserve credit. And certainly the CED's criticism of state funds spent for the continued high level of farm-oriented vocational education deserves some merit.

It is the opinion of this writer though, that if this statement on agricultural policy were to be enacted through legislation into national policy, the results in Kansas would be highly undesirable and unrealistic for a state which desires continued farm and non-farm economic growth. The five-year limitation for completion of all major components of the proposal seems to be too short for adequate adjustment by the many persons who would feel the pressure to relocate.

If reality is to be desired, and it should be, a more responsible program would have within its reach policies designed to work with and solve problems in each economic sector, on the non-farm as well as farm level. If measures are needed to attract excess resources from farm production, then realistic measures should be stated for providing new means of employment for these resources. They cannot be placed on an already overcrowded unemployment list, even with newly acquired manual skills.

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A STUDY OF THE PROBABLE IMPACT OF THE  
COMMITTEE FOR ECONOMIC DEVELOPMENT'S ADAPTIVE PROGRAM  
FOR AGRICULTURE ON KANSAS AGRICULTURE

by

DONALD JAMES ISAAC

B. S., Fresno State College, 1963

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AN ABSTRACT OF A MASTER'S REPORT

submitted in partial fulfillment of the

requirements for the degree

MASTER OF SCIENCE

Department of Economics and Sociology

KANSAS STATE UNIVERSITY  
Manhattan, Kansas

1964

In 1962 the Research and Policy Committee of the Committee for Economic Development (CED) issued a statement on national policy, which dealt entirely with the "farm problem" both in scope and in method.

The purpose of this paper is to analyze the recommendations proposed by the CED on the basis of their probable effect on Kansas agriculture.

Because of the immensity of the components covered in the term "Kansas agriculture," the major areas to be studied in this paper will be: (1) farmers per capita income changes, and (2) rural population changes, as a result of U.S. Agricultural policy using the CED's suggestions.

All statistics used in the preparation of this paper were obtained from secondary sources, or were calculated from existing primary data.

The proposed program would have according to the CED the following beneficial effects: (1) elimination of government controls over agricultural production, (2) reductions of Federal expenditures for agricultural programs by one-half, and (3) improvement of incomes to farm workers to make them comparable to incomes in non-farm employment.

The heart of the farm problem, according to the CED is the use of excess resources particularly human labor in agricultural production. They suggest a reduction in the number of farm workers by about one-third, or two million workers, over a period of five years.

The program they propose to speed up this out movement of farm labor, calls for immediate reduction of the support prices for wheat, cotton, rice and feed grains so that "farmers will not be misled by high price supports into retaining excessive resources in agriculture." To "prevent the major impact of the required price adjustments from bearing excessively on the farm community," the CED suggests a temporary income protection program

which would operate independently of a farmer's volume of production. Several other aids and incentives were suggested to help the ex-farmer find new non-farm employment.

After a somewhat brief look at the overall agricultural situation in Kansas, using 1959 information, inferences were made as to probable results using the CED's suggestions for criteria.

It was found by the writer that historically, farm workers have been leaving agricultural jobs at a rate which, if continued, would satisfy the CED's goal of labor reduction in about ten to fifteen years. Some of the measures in the CED program might reduce this time period somewhat, but probably not down to five years.

Then too, the suggested removal of the group of farmers from Kansas agriculture who would be most susceptible to pressures caused by no price supports (which amounts to 44 percent of all Kansas farm operators), can be seriously questioned in light of the age distribution of this group. Sixty percent of this group are over the age of 45 years, and have few, or no realistic alternatives to farming. These farm operators would be considered marginal in retraining programs in competition with younger men. And even when or if they did receive training in new skills, the decreasing demand for semi-skilled jobs would limit the number that could be hired.

There is room too, to question the validity of the CED statement when they confess that their entire resource migration proposal is based on the assumption of a healthy and growing non-farm economy where relatively full employment exists.

It is the opinion of this writer that if this statement on agricultural policy were to be enacted through legislation into national policy,

the results in Kansas would be highly undesirable and unrealistic for a state which desires continued farm and non-farm economic growth.