

A STUDY OF RISK AND UNCERTAINTY IN
NORTH CENTRAL KANSAS

by

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TABLE OF CONTENTS

CHAPTER	PAGE
I. INTRODUCTION	1
Review of Literature	2
Objectives of Study	9
Study Region	10
Data Collection	12
II. AFFECTS ON FARM INCOME	15
Correlations	16
Total Acres	17
Beef and Swine Incomes	18
Capital Managed	19
Net/Gross Income Ratio	19
Summary	20
III. VARIABILITY IN INCOMES	22
Impacts on Variability of Net Farm Income	22
Impacts of Beef and Swine Income	24
Reflections on Measuring Variability	25
IV. DIVERSIFICATION RATIOS	26
Impact of Diversification Ratio on Net Income Variability	27
Results of Crop Diversification	29
Concluding Statements	29

CHAPTER	PAGE
V. VARIABILITY OF WHEAT YIELDS	31
Wheat Yield and Farm Size	31
Variability in Wheat Yield at the County Level	35
VI. SUMMARY AND CONCLUSIONS	37
Summary	37
Conclusions	40
BIBLIOGRAPHY	42
APPENDIX	44
Table I	45
Listing of the Average Wheat Yield, Standard Deviations of Wheat Yield, Total Acres, and Wheat Acres by Farm in Each County	
Table II	47
Average Wheat Yield and Standard Deviation of Wheat Yield by Farm and by County	

LIST OF TABLES AND FIGURES

TABLE	PAGE
I-1. Counties in Association #1, With Number of Farms in Each County and Number of Farms Used	14
II-1. Relationships Between Different Farm Characteristics on Net Farm Income Found By Using the Pearson Correlation	21
III-1. Standard Deviations of Farm Characteristics With Respect to Variability of Net Farm Income	23
IV-1. Relationship Between Variability in Wheat Yields With Respect to Acres and Average Yields	32
 FIGURE	
1. Kansas Farm Management Associations and a List of Farms Studied	11

CHAPTER I

INTRODUCTION

In this day and age agriculture is becoming a very uncertain and risky business. With the variability of prices and rising cost of agricultural products in the past several years, farming has become a very unpredictable business. During the 1960's the degree of uncertainty and risk was fairly stable; government programs varied little throughout the 60's, prices of products and farm inputs stayed fairly constant and were not too susceptible to major price increases or price decreases and rapid movements in prices were very unusual. Thus, farmers began to develop a feel for the amount of risk and uncertainty involved in the different farming enterprises. But in today's fast moving economy with a large amount of economic and political uncertainty, it makes it very difficult for farmers to run on past track records and still be a successful businessman. Management strategies and decision-making must be given a considerable amount of time and thought before making any major farm decisions as to what cropping enterprise to use and whether to incorporate livestock into the operation. Risk and uncertainty influence decisions concerning which crops to grow, what livestock to raise and how to combine crops and livestock on a farm.

Management has been defined by Don Bostwick as deciding