

THE PRESENT STATUS OF LARGE SCALE FARMING

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The present status of large scale farming is largely a result of the financial success of such organizations in the past. The trend of large scale farming in the future will be dependent not only upon the financial success of such organizations as compared with the smaller units of farm organization, but also the success with which large scale farming bids for capital and entrepreneurship against industries other than farming. By way of definition so that we may speak in common terms, a large scale farm is here treated as a form operated chiefly by hired labor and of larger physical proportions than similar types of farms operated by the average farm family without regularly employed hired laborers. Only the strictly economic phase of large scale farming of financial success will be considered in the present discussion.

Two important economic forces that affect the size of the farm business have been working in direct opposition to one another throughout the history of this country. First, our growing population because of its increasing demands for food and its demand for employment has made profitable an increasing intensity of operation. This has led in many instances to a breaking up of large cattle ranches and the substitution of the more intensive cereal production, also the breaking up of general livestock and grain farms into smaller physical units devoted to dairy, poultry, vegetable and fruit production. On the other hand, the invention and adoption of all sorts of labor saving devices and machines has increased the amount of land that could be profitably cultivated per worker. It can safely be predicted that due to our increasing population and changing habits of diet that the amount of land devoted to the more intensive agricultural products will increase. In the past this has led to an increase in the number of small farms. Within a given type of farming, the size of the farming unit will likely increase due to the increased use of machinery. The number of farms in most of the corn-belt states is decreasing as shown by a comparison of the census figures of 1900, 1910, 1920, and 1925. Most farms remain family sized farms, but the number of acres farmed per agricultural worker is increasing. This tendency is very noticeable in the wheat belt of Oklahoma since the introduction of the combine harvester and tractor.

The central problem of large scale farming is, however, not dependent upon changes in types of farming or the acreage per worker, but rather the type of business organization, the number of units of production supervised by one manager and the number of employees per farm. Large scale farming does not necessarily imply the corporate form of business organization. Many large farms are owned by private individuals or partnerships. The present extent of corporation farming is much larger than many persons realize. In 1926 the gross receipts of incorporated farms in the United States exceeded seven hundred million dollars or approximately six per cent of the gross income of all farms. Other large scale farms, not incorporated, account for perhaps an equal amount of production.

A recent report issued by the Chamber of Commerce of the United States shows that the average incorporated farm is no more successful than the average family sized farm in the United States. In fact that similar

variations in earnings are found in both types of organizations. Some corporation farms are very profitable, others suffer large losses. For the four year period 1924 to 1928, one corporation farm showed an average annual loss of \$400,000, another a gain of \$164,000.

Incorporated farms show a wide variation in the type of farming followed. Fruit, dairy, poultry, grain, sugar, and cotton are types of farming represented in the listing of incorporated farm enterprises. The average capitalization of incorporated farms is about twenty-three times that of the average of all farms in the United States, \$197,000 as compared with \$9,360. There are now over 9,000 incorporated farms in this country.

Large scale farms have many apparent advantages: Large scale operation permits specialization and division of labor, buying and selling in large volume, reduction of overhead, and fixed charges of investment, and more economical use of large and specialized machinery.

The most important factor promoting the growth of large scale farming is the increased need and reward of specialized management. We have over six million farms in the United States, a large majority of which are managed by men who consider themselves as laborers rather than as managers. The quality of managerial ability on the average farm is therefore very poor when compared with the highly trained, specialized management of present day large business corporations.

THE PROPORTION OF ALL FARMERS, FARM LAND, AND FARM POPULATION CHANGING HANDS IN 1924. BY CROP REPORTING DISTRICTS OF OKLAHOMA

Crop Reporting Districts of State	Per cent of Farmers on New Farms			Per cent of all Land and Building Value Changing Hands	Estimated per cent of all Farm population on new farms		
	Owners	Tenants	All		Under 10 years of age	Over 10 years of age	All
Northwest	4.4	32.6	14.0	12.1	14.7	12.2	12.9
North-Central	4.7	29.8	16.2	14.5	20.9	14.9	16.0
Northeast	11.5	50.9	33.9	30.7	30.3	28.7	28.6
West-Central	7.0	45.7	25.6	21.8	28.3	23.0	24.7
Central	9.1	50.4	33.3	21.0	36.5	32.4	33.6
East-Central	12.8	57.2	42.2	40.2	44.1	41.6	42.3
Southwest	10.1	49.1	34.5	31.2	37.3	32.9	34.1
South-Central	11.3	56.0	41.9	37.4	43.8	40.7	41.6
Southeast	13.7	58.6	43.1	37.1	45.0	42.1	43.0
State	9.3	49.8	33.6	26.6	36.5	31.4	33.1

The growing capitalization of agricultural resources, the increasing use of expensive machinery, the constantly augmented fund of technical knowledge, the increasing complexity of our national production and marketing problems make increasingly important the functions of management. These increasing difficulties of present day production are making it possible to offer increasing larger financial rewards for its successful accomplishment. With a self-sufficing type of agriculture, the standard of living depended larger on the manual dexterity and industry of the individual. With the present commercialized type of agriculture, profits are largely dependent upon the managerial ability and business foresight of the entrepreneur.

The greatest obstacle standing in the way of large scale farming lies in

the fact that the nature of farming requires that a greater degree of responsibility be placed on the individual worker than is usually the case in urban industries. Lack of personal interest on the part of the worker is a handicap to biological production. A second obstacle is the competition of many small family farms, the operators of which are satisfied with a low standard of living at the price of a degree of independence. Before any great shift for large scale farming is made, equally attractive opportunities for the investment of capital between agriculture and other industries must be made more apparent to investors. Third, the growth of cooperation is a hindrance to the movement towards large scale farming. Numerous small operators are combining and operating in an increasing number of functions to secure the advantages of large scale buying and selling, the employment of skilled specialists, and the economical utilization of large machines.

So long as the small farmer through cooperation can secure most of the benefits of large scale operation without its attendant disadvantages, we are likely to remain a nation of relatively small, family-sized farms. The size of the family farm unit will be influenced by the type of farming followed, and the invention and use of machinery and farm power.

Large scale farming will likely increase as time goes on. It is not the cure-all for the farm depression that some would have us think, neither is it necessarily the evil destroyer of the sturdy yeoman as some idealists would have us believe. The expansion of large scale farming awaits the successful proof of its economic feasibility. In the meantime both family sized and large scale farms are likely to continue to prosper largely in proportion to varied abilities of their respective operators.

(1) Large scale Farming. Agricultural Service Department, Chamber of Commerce, of the United States, Washington, D. C.