

Table 44.—Summary of incomes at 1935-39 average prices, representative farms, 1945 and reorganized systems, Southern Piedmont, North Carolina

System and size of farms	Net cash income		Net income	
	Per farm	Per person	Per farm	Per person
	Dollars	Dollars	Dollars	Dollars
1945 systems:				
Small	166	42	271	68
Medium	477	95	436	87
Large:				
Total ¹	1,352	135	800	80
Operator and family	578	144	26	6
Reorganized systems:				
Small	681	170	728	182
Medium	1,361	272	1,222	244
Large:				
Cotton-livestock:				
Total ¹	3,119	312	2,024	239
Operator and family	1,688	422	593	148
Livestock-small grain	3,000	750	2,258	564

¹ Includes net cash returns to cropper labor.

be accompanied by capable management and by major adjustments in enterprise combinations, practices, and types and kinds of equipment. Also, these adjustments would be necessary on the larger farms which already have sufficient acreage of land.

A test of efficiency measured in terms of net income to the farm

SUMMARY AND CONCLUSIONS¹⁹

Considerable opportunity for profitable adjustments in farming systems exists in the cotton producing section of the Southern Piedmont. Key adjustments would include a greater degree of efficiency in the production of cotton and a more effective use of the remaining farm resources. These adjustments would mean the adoption of improved or more efficient enterprise practices and changes in the resource organization and enterprise combinations. Increased yields of feed crops, brought about by improved practices, would mean that present sizes of farms would

¹⁹ See Appendix Table VIII for detailed summary of farm organizations in 1945 compared with alternatives.

business is shown in Tables 43 and 44. The "net cash income" is particularly important in view of necessary cash expenses for family living and for payment of farm debts. The farmer also must consider "net income," because in the long-run, the income must cover depreciation and interest on equipment and buildings which eventually must be replaced.

support larger numbers of livestock.

On small and medium size farms, in both present and alternative systems, cotton appears to be the most profitable enterprise. Poultry offers the best opportunity for supplementing income from cotton since pasture land usually is limited to a few acres. If enough pasture land is available, dairying compares favorably with poultry.

On larger units adjustment opportunities depend upon the labor situation. In cases where labor is scarce relative to land, dairy, poultry, and small grains-lespedeza offer opportunities for profitably replacing cotton. On farms where enough labor is available at the

customary costs these less intensive enterprises are profitable supplements in a cotton type of farming.

In general these adjustments would include: (1) Reduction in the proportion of the cropland planted in row crops, (2) increases in the proportion of the cropland on which a legume would be plowed under annually, (3) increases in productive employment of available labor, power, and other resources, and (4) increases in farm investments.

At 1945 prices, even with the changes in farming systems, net cash income per person would be only \$444 on small farms and \$652 on medium size farms. Where there is capable management, the size of farm would need to be equivalent to that of the larger farms to permit adjustments in organization and operation that would be necessary for efficient use of the most common units of power and family labor on farms.

Development of the alternative systems would meet with several obstacles. Dairy and poultry enterprises are relatively inflexible because of the fixed costs in the form of buildings and equipment. Because of the inexperience of farm operators and farm labor in handling commercial livestock enterprises and the necessity of gaining technical experience, these enterprises would need to be started on a small scale in nearly all cases. This adjustment would require long-range planning on the part of farmers.

Age and health of the farm operators must be considered. In many cases, several years would be needed to accomplish the recommended changes and the older men would not share in the advantages to the extent of younger men who might expect to gain livelihoods from their farms for a much longer period of years. The average age of farmers in the study was 54 years, and more than a third of the total

number were more than 60 years old.

Managerial capacity, both present and potential, is rather intangible. It is not known to what extent this item is the limiting factor of production. However, farms operated according to the reorganized systems would require a higher degree of both technical skill and managerial ability than is required by the present systems.

Larger capital funds would be required. In the farm business, expenses of a machine and/or other types of durable capital are handled through long-term depreciation and interest charges, with the rate depending upon the expected life of the item. In many cases, this expected life covers a period of many years. Usually, however, farmers are required to pay cash or to meet installment payments allocated over a period much shorter than the life of the asset. Also, there is need for credit adapted to the financing of farm improvements such as pasture development, terracing, and improvement of livestock herds.²⁰

The reorganized farming systems, if extensively developed, would require all-weather farm-to-market roads and an efficient marketing system. Opportunities for improving production efficiency by mechanizing cotton production²¹ and by improving farm layouts are major phases that need further study.

Finally, the accomplishment of these changes would require intensive and coordinated work by agricultural agencies whose jobs are to provide farmers with information needed in planning and operating their farms. Such work must be directed toward the specific

²⁰ For treatment of this subject see: *Investment Credit to Improve Farming Systems*, by Donald B. Ibach and G. W. Forster, N. C. Agricultural Experiment Station and the Bureau of Agricultural Economics, co-operating.

²¹ Further treatment of this subject by the North Carolina Agricultural Experiment Station is currently in progress.