

The Farmer's War Income

I shall assume, to begin with, that our farmers, like all other right-minded people, would rather belong to the goodly company of those who are bearing uncomplainingly the terrific burdens of this war than to the indecent company of those who are prospering because of the war or squealing because they are not making as much out of it as they would like. I shall assume that they agree that it is indecent to prosper while the whole world is suffering and that, if prosperity is forced upon one by economic conditions, the presumptive disgrace can only be wiped out by the most austere and frugal living and the devotion of every dollar of one's income and every ounce of one's energy to the national service.

In beginning the discussion of the effects of the war upon the farmer's income, I find it necessary to define the farmer's income and to treat it under three heads:—

1. His gross money income.
2. His net money income.
3. His real income.

I find it necessary also to consider the farmer's income as coming from two sources:—

1. The sale of the primary products of his soil.
2. The sale of secondary products of his business.

Again, I find it necessary to distinguish between the incomes of various classes of the farming population:—

1. The farmer as a business man.
2. The farm laborer.
3. The farm owner.

By the farmer's gross money income, I mean merely all the money which he takes in in the course of the year. Obviously, this is of little importance, because it is no indication of his prosperity. By his net money income, I mean the money which he has left as the result of the year's operations after he has paid the actual business expenses of his farm. He must not deduct, however, the running expenses of his household. That is, we must make a sharp distinction between the business expenses of running the farm and the cost of supplying the farmer's family with the necessities, conveniences and luxuries of life.

His net money income, as suggested above, is found by deducting from his gross money income the business expenses of running the farm. His real income, however, is the number of things which he can provide for his family in the way of necessities, conveniences, luxuries, etc. Even though his net money income may increase, his real income, or his prosperity, may not increase if the cost of these consumers' goods rises correspondingly.

Let us consider first the way in which his net money income appears to be affected by the war. It is in this discussion that the second of the above distinctions becomes important. The proceeds of the sale of the principal products of the soil may yield him a larger profit, and, insofar as his income is derived from these sales, his income would be increased; but the farmer is sometimes the producer of secondary products; that is to say, he is a kind of manufacturer who uses up one class of products in the production of another class. When he grows corn and sells it, he is selling a primary product of the soil. When he feeds that corn to hogs and cattle, he is selling a secondary product in the form of pork, beef or milk.

The three principle staple crops, corn, wheat and cotton, belong in the class of primary products of the soil. Let us consider the condition of the corn



Wheat is a Primary Soil Product. The Profits of Growing It have been Increased by the War.

How the War has Affected the Incomes of men engaged in Different Types of Farming

By Prof. T. N. Carver

and wheat (omitting the cotton) farmer with respect to his net money income. The simple fact that these products are bringing higher prices than formerly would indicate higher incomes for the farmers unless these higher prices are offset by corresponding increase of cost.

For the time being I must ignore the difference in the labor cost. First, because a majority of the corn farmers and a fair proportion of the wheat farmers do their own work, and if

has approximately doubled. Taking all classes of farm machinery and tools which are used in the process of corn growing, I can find no evidence of a 100 per cent. increase on the average. Besides, the total machinery cost in corn growing forms only a small fraction of the price of the corn.

As to fertilizers, the bulk of the corn crop, particularly in the Corn Belt, is grown without commercial fertilizer, animal manure and clover crops being the principal methods of



The Modern Dairy Farm of Leon Abbott, Clover Bar, Alberta. The Profits of the Dairy Farmer under war conditions depend on the use of cheap primary products that cannot be used for human food.

the labor cost is increased they are merely getting higher wages for themselves. In the second place, even though they pay wages to hired help, the hired man is part of the great farming population and the total income going to the total farming population would therefore be increased, even though some classes of the farming population prospered out of proportion to the others.

In the case of the corn farmer, what evidence is there that there has been an increase in the cost of production sufficient to offset the increase in price which the farmer is getting? The principal items in this possible increased cost of production would be machinery and fertilizer. Farm machinery has

maintaining soil fertility. Insofar as animals are fed at a loss, a part of this loss might perhaps be charged in the form of a higher cost for the animal manure which goes back into the soil. To what extent livestock is kept at a loss will be considered in a later paragraph.

In the case of wheat, the advance in price has not been quite so great as in the case of corn. The advance in the price of farm machinery is a little greater. As in the case of corn, the bulk of the wheat crop is grown without commercial fertilizer.

That which is true of these great staple crops, corn and wheat, appears to be in the main true of most of the minor crops, though there may be some

To what extent is this advance in price with the consequent increase in prosperity the result of the war? In the case of the corn crop there could be no possible question. The crop is larger and the price is higher. There might be some possible question in the case of wheat. Though last year's crop was slightly greater than the previous year's crop and the price slightly higher, still last year's crop was not up to the five years' average from 1911 to 1915. It might be claimed, therefore, that the present high price of wheat is not so much due to the European war as to the shortage in the crop. This crop shortage is undoubtedly one factor in the problem, but there are other large factors which we can hardly afford to rule out.

For example, the largest wheat-growing area in the world, outside of the United States and Canada, is Southern Russia. For a number of years past Italy and Switzerland have depended almost entirely on this area for their supplies, and France and England to a certain extent. The closing of the Dardanelles and the Baltic has shut Western Europe off from this supply and made her dependent mainly upon the North American area. The Swiss government has made it clear that, unless they can get supplies of grain from North America, her people must go hungry. In addition to this, we have to consider the enormous increase in the consumption of wheat flour in the feeding of armies, and a certain percentage also as having been sunk by the U-boats. With these large facts before us, we can hardly avoid the conclusion that the war itself has contributed a large share to the advance in the price of wheat; that it cannot be entirely accounted for by the shortage in the crop in this country.

Secondary Products

When we come to consider the secondary products of the farmer's business, such as beef, pork and dairy products, the case is by no means so clear. Insofar as beef is produced from grass which would be salable in no other form, the beef grower, of course, sells his grass at a higher price than formerly. In this respect beef would resemble a primary product of the soil. But insofar as beef is produced from high-priced corn, the question is different. Apparently it is not profitable to feed high-priced corn of the best grade for the purpose of making beef.

On the other hand, it must be pointed out that there is a great deal of soft corn not salable, or at least not salable at the highest quoted prices. If this can be sold in the form of beef and in no other form, and if the farmer can realize a good price for his beef, he is then getting a good price for his soft corn. The soft corn cannot be considered to be the result of the war. The weather and the other conditions would have been much the same, war or no war. If the farmer had had to sell his soft corn in the form of lower-priced beef, he would have gotten a lower price for it. Here again the beef producer is getting a good price for a product which would otherwise not be salable.

Much the same consideration applies to pork as to beef. A certain amount of pork is made from grass, though not so large a percentage as is true in the case of



"Sooner or later, war or no war," says Prof. Carver, "we shall probably be compelled to consume only such beef as can be produced from feeds not suitable for human consumption."

gone up somewhat, particularly tractors, but even in the case of tractors the price has not doubled in the last three years. The farm price of corn

exceptions. Therefore, the farmer who is selling the direct and immediate products of his own soil is undoubtedly better off today than he was before the war.

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