

COSTS and RETURNS

R. MANN



Commercial
Cotton
Farms

1964

FARM COSTS STUDIES

This report is part of a continuing nationwide study of costs and returns on commercial farms and ranches by type and size in some of the important farming regions of the United States. The study is conducted under the general supervision of Wylie D. Goodsell, Farm Production Economics Division, Economic Research Service. Objectives, methodology, procedure, and terms are uniform for all areas covered in the study.

The 1964 costs and returns studies have been conducted on the following:

- Dairy Farms, Northeast and Midwest
- Corn Belt Farms
- Egg-Producing Farms, New Jersey
- Broiler Farms, Maine, Delmarva, and Georgia
- Cotton Farms
- Tobacco Farms, Coastal Plain, North Carolina
- Tobacco-Livestock Farms, Bluegrass Area, Kentucky
- Wheat Farms, Plains and Pacific Northwest
- Western Livestock Ranches

Summary statistics for all types of farms in the study are presented in a report, revised annually. The latest such report was published in 1964 and is titled: "Farm Costs and Returns, Commercial Farms, by Type, Size, and Location," Agriculture Information Bulletin No. 230, Revised 1964.

Information on the studies can be obtained from Farm Production Economics Division, Economic Research Service, U.S. Department of Agriculture, Washington, D.C. 20250.

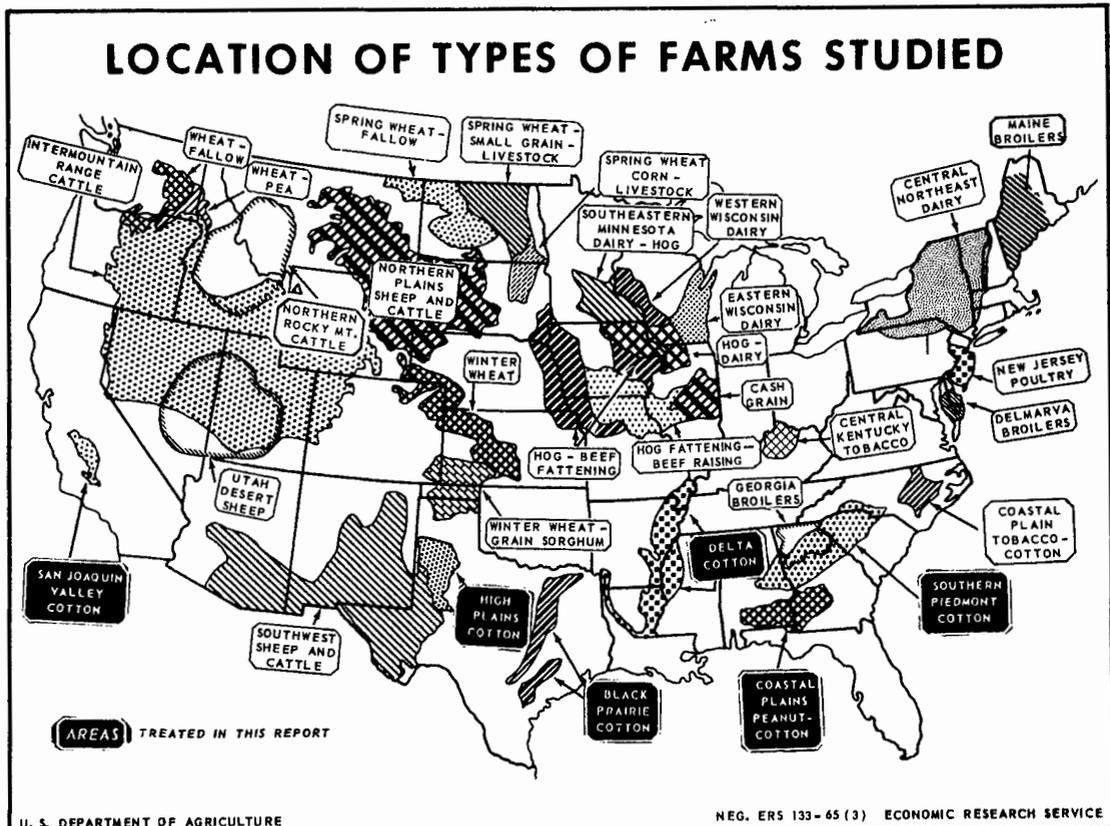


Figure 1

COSTS AND RETURNS COMMERCIAL COTTON FARMS, 1964

Erling Hole, Edwin G. Strand, and J. J. Csorba
Agricultural Economists
Farm Production Economics Division, ERS

INTRODUCTION

This report presents information on costs and returns on typical cotton farms in 6 important cotton-producing areas in the United States (fig. 1). In 1963 and 1964, net farm incomes on these farms were as follows:

	<u>1963</u>	<u>1964</u>	<u>Percentage change</u>
Cotton farms:			
Southern Piedmont.	\$2,891	\$3,274	13
Mississippi Delta:			
Small.	2,708	2,383	-12
Large-scale	40,167	34,623	-14
Texas:			
Black Prairie	5,302	4,668	-12
High Plains (nonirrigated)	10,320	1,676	-84
High Plains (irrigated)	17,507	12,903	-26
San Joaquin Valley, California, irrigated:			
Cotton-general crop (medium-sized)	32,117	36,067	12
Cotton-general crop (large)	93,922	108,785	16
Cotton-specialty crop	23,723	58,290	146
Peanut-cotton farms,			
Southern Coastal Plains	5,674	5,181	-9

Net farm incomes in 1964 were the highest on record in the Southern Piedmont and on large cotton-general crop farms in the San Joaquin Valley of California. They were the second highest on record on medium-sized cotton-general crop farms in that area and the fourth highest on cotton-specialty farms. Cotton growers in the Mississippi Delta, the Black Prairie of Texas, and the Southern Coastal Plains experienced one of their best years in 1964, with returns falling only from 9 to 14 percent short of the alltime high incomes received in 1963. Because of severe drought in 1964 in the High Plains of Texas, net farm incomes on dryland farms in that area dropped to one of the lowest levels on record, ending a 7-year period of good returns. Cotton growers on irrigated farms in the High Plains experienced the lowest returns in 5 years.

Farms with higher net farm incomes in 1964 than in 1963 had either sufficiently higher yields per acre to outweigh a decline in prices received or, like cotton-specialty crop farms in the San Joaquin Valley, they received higher prices along with higher yields. On farms where returns went down, crop yields per acre were lower--except for the

Texas Black Prairie--and prices received declined generally. Unusually heavy abandonment of non-irrigated crops and high irrigation costs were added factors on the drought-stricken Texas High Plains.

The overall indexes of crop yields per acre were either the highest or the second highest on record on all farms except the High Plains of Texas, where they decreased sharply. Although cotton yields per acre were lower in 1964 than in 1963 in the Mississippi Delta and the Southern Coastal Plains, they were exceeded only by the record yields in the previous year. Yields of dry-land cotton in the High Plains were among the lowest on record; for irrigated cotton they were the lowest since 1960. Farms in the Southern Piedmont and the San Joaquin Valley had record-high yields of cotton in 1964.

Net farm production was higher in 1964 than in 1963 on Southern Piedmont, Black Prairie, and San Joaquin Valley farms, slightly lower on Mississippi Delta and Southern Coastal Plains farms, and much lower on High Plains farms. On many of the farms, participation in Government programs and other reasons kept acreage of cropland harvested from reflecting increases in size of farm. Production per hour of man labor and per unit of input were either higher or about the same as in the previous year on all farms except those in the Texas High Plains. These indexes illustrate the upward trend in substitution of machinery and chemical weed control for hand labor.

Prices received in 1964 were 30 percent higher than in 1963 on cotton-specialty crop farms in the San Joaquin Valley, but ranged from no change to 10 percent lower on the

other types of farms. The Government loan rate for cotton lint was reduced by 2.5 cents from 1963 to 1964, but the Commodity Credit Corporation purchase price for cottonseed remained unchanged at \$44 a ton. Prices received for cotton in 1964 varied from 0.9 cent per pound higher than in 1963 on cotton farms in the San Joaquin Valley to a decrease on all other farms--ranging from 2.3 cents on small farms in the Mississippi Delta to 3.5 cents in the Southern Coastal Plains. Prices received for cottonseed increased \$1.30 per ton in the San Joaquin Valley, but decreased on all other farms--from \$2.15 per ton in the Southern Coastal Plains to \$7.06 in the Black Prairie. Support prices for soybeans and peanuts were the same in 1964 as in 1963--\$2.25 per bushel and \$224 per ton, respectively. The loan rate for grain sorghum increased 6 cents per hundredweight. Prices received for soybeans in the Delta and for grain sorghum in the High Plains were a little higher in 1964 than in 1963, and potato prices in the San Joaquin Valley were about 80 percent higher. Prices received for peanuts in the Southern Plains were the same both years, but alfalfa prices in the San Joaquin Valley declined and cattle prices in other areas were lower.

Prices paid in 1964 for items used in production averaged about the same as or a little higher than in 1963. Taxes, machinery prices, and wage rates were among the items that went up.

The upward trend in total farm capital continued in 1964. Increases were small on farms in the San Joaquin Valley, but ranged from 6 to 14 percent higher than in 1963 on other farms. Most of the increase in capital resulted from higher land values per acre and an increase in size of farm.

The regular (effective) cotton acreage allotment in 1964 was the same as in 1963, but the basic loan rate was reduced from 32.47 cents per pound to 30 cents. This was the situation for a grower planting his regular allotment, but he had two other choices. He could reduce his planted acreage by 33 percent from his regular allotted acreage--domestic allotment--and receive a payment of 3.5 cents a pound on his normal yield in addition to the basic loan rate applicable to his 1964 yield. The normal yield was commonly the average for 1961-63, as most growers had the required data to prove it. Otherwise, the normal yield was the 1958-62 average. The regular and domestic allotments were identical for a grower producing cotton on 15 acres or less. Thus, he did not need to reduce his acreage to come under domestic allotment. A grower with less than 22.5 acres needed to reduce only to 15 acres. About half the cotton acreage planted on peanut-cotton farms in the Southern Coastal Plains and on small farms in the Mississippi Delta was domestic-allotment acreage. This plan was of lesser importance on farms in the Southern Piedmont and in the Black Prairie of Texas, and was of little consequence on the other types of cotton farms.

A grower could plant "export cotton" up to 5 percent in excess of his regular cotton allotment, but the additional production did not have the benefit of export payment. This plan was of some importance on large-scale farms in the Mississippi Delta, on farms in the High Plains of Texas, and in the San Joaquin Valley of California.

The feed grain programs in effect since 1961 continued in 1964, with some changes. Although the support

price was the same as in 1963, the loan rate was increased a little, and the price support payment was correspondingly decreased. The support price for grain sorghum, for example, was \$2.00 per hundredweight, but the loan rate--which was \$1.71 in 1963--increased to \$1.77 in 1964 as the price support payment was reduced from 29 cents to 23 cents. In 1964, the diversion payment per acre was 20 percent of normal yield valued at support price for the minimum diversion--20 percent of base acreage. For an additional diversion up to 40 percent the payment was 50 percent, but for a diversion over 40 percent of base acreage the payment was 50 percent of normal yield valued at support price for the entire acreage diverted. Normal yields were higher in 1964 based on a 1959-62 average than in 1963, when they were based on a 1959-60 average. For this reason, and because farmers who participated in 1964 chose overwhelmingly to divert over 40 percent of their base acreage, payments per acre were higher in 1964 than in 1963.

Although the feed grain program was of some importance on many types of cotton farms in 1964, it was most important on cotton farms in the High Plains of Texas, especially on the dryland farms, where acreage diversion of grain sorghum set a 4-year record high.

Government payments for participating in Agricultural Conservation and specific-crop programs were included on all farms except on cotton farms in the San Joaquin Valley. Available data indicate that participation was very small in that area.

Skip-row planting of cotton continued to expand in 1964. It was about

12 percent greater than in 1963 and 16 percent greater than in 1962-- the year when the present rule of allowing deductions for fewer than 4 rows skipped went into effect. About one-third of the acreage in the West was skip-row planted in 1964. About one-fourth of the acreage was skip-rowed in Texas and nearly that much in Mississippi. Nationally, about 18 percent of the

cotton acreage was skip-rowed. The acreage skip-rowed increased greatly in 1964 on large-scale cotton farms in the Mississippi Delta, but increased only slightly on farms in the High Plains of Texas. It declined a little on farms in the San Joaquin Valley. Skip-rowing was not important on other types of cotton farms.

SPECIALIZED COTTON AREAS

Cotton Farms, Southern Piedmont

Net farm incomes in 1964 in the Southern Piedmont area were the highest on record (table 1). Incomes averaged \$3,274 per farm, 13 percent above 1963, which previously was the highest year on record.

Increases in net farm incomes resulted from (1) increased yields and (2) a 12-percent gain in production per man-hour over 1963. Increases in production per man-hour followed recent trends; the gains resulted from better land preparation, precision planting, chemical weed control, continued substitution of liquid or spray insecticides for dusts, and increasing use of hired machine work.

Increases in cotton yields had the most direct influence on farm incomes in 1964. Although prices per pound received for cotton were down 8 percent from 1963, yields were up over 25 percent.

Cropland harvested remained stable, but there was a slight increase (about 3 percent) in size of farm. Cotton acreage per farm averaged the same as in 1963. Corn acreage decreased about 15 percent, but oat and wheat acreage rose slightly.

Cash expenditures per farm were about 9 percent higher in 1964 than in 1963. Ginning costs per hundred-weight were the same for both years. However, total ginning costs were up about 24 percent in 1964 because of the increased volume of production. Expenditures for contract or custom work were up 11 percent, mainly because more machine work was hired. Rates for plowing, harrowing, and combining were up slightly. Purchases of farm machinery increased 13 percent from 1963 to 1964. Increases in machine numbers and in use of machinery required more skilled labor for machine operation. Expenditures for hired labor were 14 percent higher in 1964 than in 1963. However, feed purchases were down 8 percent.

Small and Large-Scale Cotton Farms, Mississippi Delta

Net farm incomes on small and large-scale cotton farms in the Mississippi Delta went down in 1964; they were 12 percent below the record high in 1963 on small farms and were down 14 percent on large-scale farms (table 2). Lower yields of cotton and lower prices received resulted in declines in cash receipts, accompanied by relatively smaller declines in cash expenditures.

Table 1.- Organization, production, costs and returns, cotton and peanut-cotton farms, Southeast, 1963 and 1964

Item	Unit	Cotton farms, Southern Piedmont		Peanut-cotton farms, Southern Coastal Plains	
		1963	1964 <u>1/</u>	1963	1964 <u>1/</u>
Cash receipts.....	Dollar	6,069	6,810	9,841	9,303
Cash expenditures.....	do.	3,994	4,347	4,816	4,790
Net cash income.....	do.	2,075	2,463	5,025	4,513
Net value of perquisites.....	do.	692	704	500	502
Net change in inventory.....	do.	124	107	149	166
Net farm income.....	do.	2,891	3,274	5,674	5,181
Total farm capital, Jan. 1.....	do.	30,740	32,750	23,100	25,440
Total labor used.....	Hour	5,000	5,070	3,870	3,450
Land in farm.....	Acre	233	240	185	190
Cropland harvested.....	do.	65	65	74	70
Crops harvested:					
Cotton.....	do.	27	27	16	16
Peanuts.....	do.	---	---	23	24
Corn.....	do.	13	11	<u>2/</u> 33	<u>2/</u> 29
Oats.....	do.	8	8	---	---
Wheat.....	do.	7	9	---	---
Crop yields per harvested acre:					
Cotton.....	Pound	381	480	516	456
Peanuts.....	do.	---	---	1,463	1,569
Corn.....	Bushel	36	42	43	43
Oats.....	do.	37	45	---	---
Wheat.....	do.	28	29	---	---
Prices received:					
Cotton, per pound.....	Dollar	.337	.310	.324	.289
Cottonseed, per ton.....	do.	48.54	45.96	44.27	42.12
Peanuts, per pound.....	do.	---	---	.109	.109
Corn, per bushel.....	do.	1.26	1.26	1.26	1.26
Oats, per bushel.....	do.	.82	.77	---	---
Wheat, per bushel.....	do.	1.86	1.45	---	---
Index numbers (1957-59=100):					
Crop yields per acre.....	---	113	137	142	141
Net farm production.....	---	125	143	178	169
Production per hour of man labor.....	---	116	132	159	170
Production per unit of input.....	---	112	125	127	125
Prices received for products sold.....	---	101	95	102	99
Prices paid, including wages to hired labor..	---	<u>3/</u> 107	<u>3/</u> 110	97	99

1/ Preliminary. 2/ Includes corn hogged off. 3/ Includes cropper labor.

Note: Information presented here is on an owner-operator basis primarily for comparability between types of farms. Net farm income is the return to operator and unpaid members of the family for their labor and management on the farm and return to total capital. No allowance has been made for payment of rent, interest, or mortgage.

Table 2.- Organization, production, costs and returns,
cotton farms, Mississippi Delta, 1963 and 1964

Item	Unit	Small		Large-scale	
		1963	1964 <u>1/</u>	1963	1964 <u>1/</u>
Cash receipts.....	Dollar	5,108	4,762	84,956	78,107
Cash expenditures.....	do.	2,949	2,897	46,899	45,767
Net cash income.....	do.	2,159	1,865	38,057	32,340
Net value of perquisites.....	do.	480	515	1,234	1,243
Net change in inventory.....	do.	69	3	876	1,040
Net farm income.....	do.	2,708	2,383	40,167	34,623
Total farm capital, Jan. 1.....	do.	15,460	17,250	251,190	286,620
Total labor used.....	Hour	2,890	2,720	26,730	25,170
Land in farm.....	Acre	60	60	1,000	1,000
Cropland harvested.....	do.	38	38	606	627
Crops harvested:					
Cotton.....	do.	16	16	241	240
Soybeans.....	do.	17	17	300	294
Corn.....	do.	3	3	15	12
Oats.....	do.	---	---	12	13
Wheat.....	do.	1	1	18	45
Crop yields per harvested acre:					
Cotton.....	Pound	626	595	695	673
Soybeans.....	Bushel	19	20	21	21
Corn.....	do.	32	25	47	37
Oats.....	do.	---	---	42	52
Wheat.....	do.	28	25	34	31
Prices received:					
Cotton, per pound.....	Dollar	.332	.309	.332	.308
Cottonseed, per ton.....	do.	51.45	47.46	52.28	48.34
Soybeans, per bushel.....	do.	2.50	2.54	2.53	2.56
Corn, per bushel.....	do.	---	---	1.25	1.26
Oats, per bushel.....	do.	---	---	.79	.68
Wheat, per bushel.....	do.	---	---	1.79	1.33
Index numbers (1957-59=100):					
Crop yields per acre.....	---	135	125	131	127
Net farm production.....	---	135	127	130	128
Production per hour of man labor.....	---	151	151	172	181
Production per unit of input.....	---	123	120	131	132
Prices received for products sold.....	---	106	100	109	102
Prices paid, including wages to hired labor..	---	107	108	<u>2/</u> 113	<u>2/</u> 113

1/ Preliminary. 2/ Includes cropper labor.

Note: Information presented here is on an owner-operator basis primarily for comparability between types of farms. Net farm income is the return to operator and unpaid members of the family for their labor and management on the farm and return to total capital. No allowance has been made for payment of rent, interest, or mortgage.

In 1964, cotton yields averaged 595 pounds per acre on small farms and 673 on large-scale farms. These yields were the second highest on record--exceeded only by those in 1963. Corn and wheat yields were lower than a year earlier; soybean yields were about the same, but oat yields were higher.

Net farm production declined 6 percent on small farms as a result of less cotton produced; it declined very little on large-scale farms, since production of commodities other than cotton increased.

Production per hour of labor was the same in 1964 as the year earlier on small farms; it increased on large-scale farms as mechanization and use of herbicides reduced the amount of labor used per unit of product. That the increase in efficiency was greater on large-scale than on small farms is shown by the index of production per unit of input, which went down slightly for small farms but went up for large-scale farms.

Prices received for products sold averaged about 6 percent lower in 1964 than in 1963. Prices received for cotton, lint and seed, wheat, and cattle were lower than in 1963, but prices received for soybeans were up slightly.

Prices paid for items used in production on large-scale farms averaged the same in 1964 as in 1963; they increased slightly on small farms.

On small farms, purchases, repairs, and operation of farm machinery owned and custom machine work hired made up about 50 percent of cash expenditures in 1964, approximately the same as 5 years earlier. The same items on large-scale farms made up about 35

percent of expenditures in 1964 compared with 32 percent 5 years earlier.

Cotton Farms, Black Prairie, Texas

In 1964, net farm incomes on cotton farms in the Black Prairie of Texas averaged \$4,668, 12 percent below the record high in 1963, but still the second highest on record (table 3). Cash receipts declined 7 percent. Receipts from cotton and livestock went down, but those from feed grains and participation in farm programs went up. Cash expenditures were about 4 percent higher than in 1963.

Cotton yields averaged 205 pounds, 15 percent below the record high in 1963, but were slightly above the 10-year average of 193 pounds. Despite lower yields of cotton, the index of crop yields surpassed that of the previous year, as yields of feed grains and hay were record high. Although size of farm and cropland harvested increased in 1964, the acreage of cotton harvested and crop abandonment were nearly the same as in 1963. The acreage of corn declined, but acreages of other feed grains and hay increased.

Production per unit of input changed little from the previous year. This was in line with the upward trend in this index, which is responsive to changes in crop yields and the rate of increase in mechanization.

Prices received for products sold averaged about 6 percent lower in 1964 than in 1963. Cotton lint prices fell 10 percent and cottonseed 14 percent. The greatest decline was in cattle prices, 17 percent. Prices received for feed grains averaged nearly the same as in 1963. Items

Table 3.- Organization, production, costs and returns, cotton farms, Texas, 1963 and 1964

Item	Unit	High Plains				Black Prairie	
		Nonirrigated		Irrigated		1963	1964 1/
		1963	1964 1/	1963	1964 1/		
Cash receipts.....	Dollar	19,050	8,465	33,160	29,029	10,269	9,580
Cash expenditures.....	do.	9,652	7,076	16,828	17,129	5,449	5,697
Net cash income.....	do.	9,398	1,389	16,332	11,900	4,820	3,883
Net value of perquisites.....	do.	639	642	823	825	584	616
Net change in inventory.....	do.	283	-355	352	178	-102	169
Net farm income.....	do.	10,320	1,676	17,507	12,903	5,302	4,668
Total farm capital, Jan. 1.....	do.	84,950	94,170	139,450	151,520	57,330	62,170
Total labor used.....	Hour	4,150	3,060	5,720	5,590	2,800	2,830
Land in farm.....	Acre	527	550	438	455	287	300
Cropland harvested.....	do.	324	246	305	276	159	166
Crops harvested:							
Cotton: Nonirrigated.....	do.	172	155	35	31	80	81
Irrigated.....	do.	---	---	123	134	---	---
Grain sorghum: Nonirrigated....	do.	145	87	89	55	27	28
Irrigated.....	do.	---	---	55	53	---	---
Corn.....	do.	---	---	---	---	22	20
Oats.....	do.	---	---	---	---	16	18
Crop yields per harvested acre:							
Cotton: Nonirrigated.....	Pound	253	120	253	120	240	205
Irrigated.....	do.	---	---	548	520	---	---
Grain sorghum: Nonirrigated....	Cwt.	13	5	13	5	20	26
Irrigated.....	do.	---	---	38	36	---	---
Corn.....	Bushel	---	---	---	---	29	38
Oats.....	do.	---	---	---	---	24	35
Prices received:							
Cotton, per pound.....	Dollar	.304	.277	.304	.277	.307	.277
Cottonseed, per ton.....	do.	52.75	47.86	52.75	47.86	51.58	44.52
Grain sorghum, per cwt.....	do.	1.74	1.87	1.74	1.87	---	---
Corn, per bushel.....	do.	---	---	---	---	1.28	1.26
Cattle, per cwt.....	do.	20.15	16.75	20.15	16.75	20.15	16.75
Index numbers (1957-59=100):							
Crop yields per acre.....	---	106	48	109	93	115	117
Net farm production.....	---	126	52	118	109	144	146
Production per hour of man							
labor.....	---	134	75	125	118	168	169
Production per unit of input....	---	107	53	106	96	118	117
Prices received for products							
sold.....	---	105	95	105	97	107	100
Prices paid, including wages							
to hired labor.....	---	108	109	107	109	104	105

1/ Preliminary.

Note: Information presented here is on an owner-operator basis primarily for comparability between types of farms. Net farm income is the return to operator and unpaid members of the family for their labor and management on the farm and return to total capital. No allowance has been made for payment of rent, interest, or mortgage.

used in production showed only a minor increase in price. Although taxes, wage rates, and prices paid for farm machinery were higher than in 1963, prices of other items were either unchanged or slightly lower.

Nonirrigated and Irrigated Cotton Farms, High Plains, Texas

Net farm incomes on nonirrigated cotton farms in the High Plains of Texas averaged \$1,676 in 1964, 84 percent below 1963 and the lowest since 1953 (table 3). Net farm incomes on irrigated cotton farms averaged \$12,903, 26 percent lower than in the previous year and the lowest since 1959.

The drought in this area in 1964 affected nonirrigated farms most severely, as abandonment of crops planted on dryland was heavy and yields were poor on what acreage was harvested. On irrigated farms, the dryland part of the cropland was affected similarly, but heavy irrigation checked the effect of the drought. The yield of nonirrigated cotton was 53 percent below 1963, but the yield of irrigated cotton declined only 5 percent. Grain sorghum on dryland produced 38 percent of the 1963 yield; on irrigated land, 95 percent. These yields were the lowest since 1953 on dryland, and were the third highest on record on irrigated land.

Because of a reduction in crops harvested and poor yields, net farm production on the nonirrigated farms was 41 percent of 1963 and the lowest during the last 8 years. On the irrigated farms, net farm production declined about 8 percent, as an increase in acreage of cotton grown on irrigated land partly offset the effect of low production on dryland.

On nonirrigated farms, cash receipts in 1964 were 44 percent of those in 1963, with receipts from sales of cotton and other farm products 22 percent of those a year earlier. Payments from farm programs in which dryland farmers participated in 1964 were 2.8 times those of 1963 and made up 19 percent of cash receipts. Cash expenditures declined 27 percent. Items associated with the smaller volume of production--like ginning and hired labor--accounted for most of the decline in cash expenditures.

On irrigated farms, cash receipts were down 12 percent from 1963, but expenditures were up about 2 percent. The decline in sales of cotton and other farm products was partly offset by a 56-percent increase in payments from farm programs in which farmers participated. The chief increase in expenditures resulted from the use of much more irrigation water in 1964.

Price-cost relationships in 1964 were less favorable than in 1963. Although grain sorghum prices were up from 1963, cotton lint and seed prices were down. Prices paid increased slightly.

Medium-Sized and Large Cotton-General Crop Farms, San Joaquin Valley, California

Net farm incomes on medium-sized and large cotton-general crop farms in the San Joaquin Valley of California increased 12 percent and 16 percent, respectively, from 1963 to 1964 (table 4). The higher net farm incomes resulted mainly from larger yields of cotton, alfalfa hay, barley, and corn. Prices received for all of these crops, except alfalfa hay, were slightly higher than in 1963. The index of prices received

Table 4.- Organization, production, costs and returns, cotton farms,
San Joaquin Valley, California (irrigated), 1963 and 1964

Item	Unit	Cotton-general crop				Cotton-specialty crop	
		Medium-sized		Large		1963	1964 1/
		1963	1964 1/	1963	1964 1/		
Cash receipts.....	Dollar	77,396	83,248	241,500	262,166	104,389	138,231
Cash expenditures.....	do.	46,586	48,653	150,617	156,085	82,022	81,231
Net cash income.....	do.	30,810	34,595	90,883	106,081	22,367	57,000
Net value of perquisites.....	do.	689	689	1,023	1,023	678	678
Net change in inventory.....	do.	618	783	2,016	1,681	678	612
Net farm income.....	do.	32,117	36,067	93,922	108,785	23,723	58,290
Total farm capital, Jan. 1.....	do.	303,580	304,790	1,045,310	1,045,430	305,450	307,270
Total labor used.....	Hour	9,620	9,790	29,120	29,540	12,680	12,530
Land in farm.....	Acre	351	357	1,286	1,305	351	357
Cropland harvested.....	do.	312	321	1,020	1,037	318	321
Crops harvested:							
Cotton.....	do.	128	130	417	423	119	120
Potatoes.....	do.	---	---	---	---	73	62
Alfalfa.....	do.	111	115	289	298	72	78
Barley.....	do.	39	41	292	294	54	61
Crop yields per harvested acre:							
Cotton.....	Pound	1,072	1,128	1,072	1,128	1,072	1,128
Potatoes.....	Cwt.	---	---	---	---	330	365
Alfalfa.....	Ton	6	6	6	6	6	6
Barley.....	Bushel	52	67	52	67	52	67
Prices received:							
Cotton, per pound.....	Dollar	.352	.361	.352	.361	.352	.361
Cottonseed, per ton.....	do.	47.10	48.40	47.10	48.40	47.10	48.40
Potatoes, per cwt.....	do.	---	---	---	---	1.64	2.97
Alfalfa, per ton.....	do.	30.12	27.04	30.12	27.04	30.12	27.04
Barley, per bushel.....	do.	1.12	1.14	1.12	1.14	1.12	1.14
Index numbers (1957-59=100):							
Crop yields per acre.....	---	105	111	104	111	108	117
Net farm production.....	---	102	111	103	112	106	109
Production per hour of man labor.....	---	105	112	103	111	106	111
Production per unit of input.....	---	97	102	95	100	99	103
Prices received for products sold.....	---	112	111	111	111	97	126
Prices paid, including wages to hired labor.....	---	105	107	106	107	109	111

1/ Preliminary.

Note: Information presented here is on an owner-operator basis primarily for comparability between types of farms. Net farm income is the return to operator and unpaid members of the family for their labor and management on the farm and return to total capital. No allowance has been made for payment of rent, interest, or mortgage.

for all products sold averaged about the same as in 1963.

The index of prices paid in 1964 for items used in production was slightly higher than in 1963. Higher prices were paid for tractors, machinery, power fuel, and seed. Wage rates and taxes also were higher.

Yields per acre of alfalfa, cotton, and corn were from 4 to 6 percent higher than in 1963 on these farms, while yields of barley were up 29 percent. Acreages of cotton, barley, and alfalfa were slightly larger than in 1963. Thus, both larger acreages and higher yields contributed to increased production of crops.

The total acreage of land in these farms was somewhat larger in 1964 than in 1963. The acreage of cropland harvested increased along with the small increase in farm size.

Cash receipts in 1964 amounted to \$83,248 per farm on the medium-sized cotton-general crop farms. Of this total, sales of cotton lint and cottonseed accounted for 71 percent and sales of alfalfa hay for 21 percent. Cash expenditures amounted to \$48,653, or 58 percent of cash receipts. The major cash outlays were for hired labor, irrigation water, machinery operation, cotton ginning, and machinery purchases. These five items accounted for 63 percent of cash expenditures. The net cash farm income per farm was \$34,595.

On the large cotton-general crop farms, cash receipts were \$262,166 per farm. Sales of cotton lint and cottonseed accounted for 73 percent and alfalfa hay for about 18 percent. Cash expenditures on these farms averaged \$156,085, or 60 percent of the cash receipts. The major items of cash expense were hired labor, irrigation water, cotton ginning, machinery operation, and machinery

purchases. These five items accounted for 64 percent of cash expenditures. Net cash income on these farms was \$106,081.

Cotton-Specialty Crop Farms, San Joaquin Valley, California

Net farm incomes in 1964 on cotton-specialty crop farms in the San Joaquin Valley of California averaged about $2\frac{1}{2}$ times as large as in 1963 (table 4). Cash receipts increased 32 percent, while cash expenditures decreased slightly. The principal factors in explaining the relatively high farm incomes were record-high average yields of all crops and relatively high prices received for potatoes.

The index of crop yields per acre in 1964 was 8 percent higher than in 1963 and 10 percent above previous records in 1959 and 1962. Yields per acre of alfalfa hay and cotton lint were up 4 percent and 5 percent, respectively, from 1963. Yields of barley were 29 percent higher and potato yields were up 11 percent.

The index of prices received for products sold in 1964 was 30 percent higher than in 1963, reflecting the highest price for potatoes since 1959 and small increases in prices of cotton, cottonseed, and barley. Prices received for alfalfa hay were 10 percent lower, but prices received for potatoes averaged 81 percent higher than in 1963. The index of prices paid for items used in production was about 2 percent higher than in 1963, reflecting higher wage rates and generally higher prices paid for tractors, machinery, power fuel, and seed. Tax rates also were higher in 1964.

Cash receipts in 1964 amounted to \$138,231 per farm on these farms. Sales of cotton lint and cottonseed

accounted for 39 percent, sales of potatoes for 49 percent, and sales of alfalfa hay for about 9 percent of the total. Cash expenditures amounted to \$81,231, or about 59 percent of cash receipts. The major expenditures were for hired machine work, hired labor, irrigation water, machinery purchased, and seed. These five items accounted for 67 percent of cash expenditures. Net cash income in 1964 was \$57,000.

Peanut-Cotton Farms, Southern Coastal Plains

Net farm incomes on peanut-cotton farms averaged \$5,181 in 1964, about 10 percent less than in 1963, but still above any other year on record (table 1). Gross farm income dropped about 6 percent from nearly \$10,400 in 1963 to about \$9,800 in 1964. Operating expenses declined slightly.

Net farm production was about 5 percent below 1963. Cotton yields dropped 12 percent, more than offsetting slightly increased peanut yields. Acreages of major crops harvested dropped about 4 percent.

The index of prices received for commodities sold dropped 3 percent from 1963 to 1964. Corn re-

mained at \$1.26 per bushel and peanuts at 10.9 cents per pound, but cotton lint prices dropped more than 10 percent--to 29 cents per pound. Lower cattle and hog prices also contributed to the decline in the index of prices received.

Cash expenditures in 1964 were slightly lower than in 1963. Decreased cotton yields and the continuing trends in mechanization brought about a considerable reduction in the labor used--about 11 percent less in 1964 than in 1963. Expenditures for farm machinery increased about 5 percent in 1964; expenses for machine work hired went up more than 25 percent. For hired labor, they dropped more than 20 percent. Expenditures for insecticides for peanuts were up, but were down slightly for cotton. Less insecticide material was used on cotton because of decreased insect infestation.

Cropping practices in 1964 did not differ greatly from 1963. However, less labor was used on cotton and peanuts, and production per man-hour increased 7 percent from 1963 to 1964, reflecting the upward trend in mechanization and machine work hired.

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