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Working in Two Worlds – Farm and Factory

Michigan State University Agricultural Experiment Station and Cooperative Extension Service

Research Report

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RESEARCH REPORT

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FARM BUSINESS

FROM THE MICHIGAN STATE UNIVERSITY
AGRICULTURAL EXPERIMENT STATION EAST LANSING

Working In Two Worlds -- Farm and Factory¹

By RALPH A. LOOMIS²

INTRODUCTION

IF FARM OPERATORS made an adequate money income from farming, there would be little incentive to seek employment off the farm. Yet, in 1959 nearly one-third of all farmers in the United States worked off the farm 100 or more days (1). Nearly half the rural farm families in 1960 received less than \$3,000 net farm income (2).

There is economic incentive for many rural farm families to increase their money income. Those with off-farm employment, have demonstrated occupational mobility. But, there are still many farm families with low income who have not made this transition. How do they differ from multiple jobholding farmers? Do they have characteristics that exclude them from the nonfarm labor market voluntarily or involuntarily?

The relatively high rate of unemployment in the nonfarm labor force limits the transfer of labor from the farm to nonfarm sector. Job vacancies must be matched by qualified job seekers before occupational transfer of labor can take place.³ Nevertheless, some operators with low farm income make this transition while others do not, so investigation to facilitate occupational mobility is needed.

¹This research was done under agreement between the Michigan State University Agricultural Experiment Station and the Resource Development Economics Division, Economic Research Service, U. S. Department of Agriculture.

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³Unemployment rate differentials do not always discriminate against farmers versus unemployed nonfarmers, for they may not be competing groups in the nonfarm labor market (6).

OBJECTIVES AND PROCEDURES

The objectives of this study were:

- (1) To determine differences in personal characteristics and preferences of multiple jobholding farmers and full-time operators with low farm income.
- (2) To learn how farmers obtain nonfarm employment, evaluate dual jobholding, and hold attitudes toward occupational preferences, labor unions and retraining opportunities.
- (3) To identify factors of occupational mobility and relate these to income and nonincome preferences.

The data were obtained from interviews with 89 multiple jobholders and 65 full-time operators with low farm income⁴ in Kalamazoo and Muskegon Counties, Michigan (5).

DEMOGRAPHIC CHARACTERISTICS

Age

Socio-economic characteristics are frequently related to age of people. The age distribution of the farmers studied will assist in interpreting subsequent comparisons. The full-time farmers have a median age of 55 years compared with 45 for part-time farm operators.⁵

⁴Full-time farmers with low farm income had sales from farm produced goods less than \$10,000. This group will be referred to as *full-time farmers*, and multiple jobholders as *part-time farmers* throughout this report.

⁵The ages of the two groups are significantly different at the 1 percent probability level.

Education

There is no significant difference in the median years of school completed by the two groups (Table 1). This educational comparison will have added meaning when relative incomes of the two groups are compared. Since there is no significant difference in educational attainment, income differentials cannot be attributed to difference in level of schooling.⁶

Table 1—Characteristics of all adult children not living with parents, 154 part-time and full-time farm families, Michigan, 1961

Item	Unit	Adult children of:		
		Part-time farmers	Full-time farmers	All farmers
Median age	years	25	35	29
Median years school completed	years	12.6	12.6	12.6
Upon completion of schooling, left home:				
Immediately	percent	48	48	48
Within 1 to 2 years	percent	34	29	32
After 3 years or more	percent	18	23	20
Total	percent	100	100	100
Place of residence:				
Michigan	percent	83	87	85
Other states and military	percent	17	13	15
Total	percent	100	100	100
Occupation:				
Unskilled	percent	0	0	0
Semiskilled	percent	22	15	20
Skilled	percent	12	15	13
Managerial	percent	1	3	2
Professional	percent	7	6	6
Farmers	percent	0	8	4
Housewives	percent	41	48	44
Other (a)	percent	17	5	11
Total		100	100	100

(a) Adult children in military service, college students not living at home, and part-time farmers whose major occupation is unknown.

Health

Health and income-earning capacity are related. Each respondent was asked whether he, or others in the family, had an income restriction due to poor health or a physical handicap. One family out of six (17 percent) was earning less total family income because of illness or handicap. Twenty-five percent of the low-income, full-time farm families had an income earning health restriction, compared with 11 percent for part-time farm families. Some of the difference in health is attributable to age.

Frequently ill health of a family member restricted the operator's income earnings, if he needed to be near home all the time. The health of family members is seldom recognized as an income earning impediment.

Family Size

The part-time farm families studied averaged 1.3 more children per family than the low-income full-

⁶The relationship is well-established between level of education and income, but it is generally with reference to discrete levels of education, e.g., less than six years of schooling, 6 to 12 years, and more than 12 years.

time farmers (Table 2). The full-time farmers, with a median age of 55 years experienced family growth during the depression of the 1930's when birth rates were low. On the other hand the part-time farmers have contributed to the birth rate boom since World War II. Each group averaged nearly one adult child per family living away from home. However, the part-time farmers had more than twice as many children under 14 years of age as full-time farmers.

Table 2—Family size and composition of 154 part-time and full-time farm families, Michigan, 1961

Item	Average per family	
	Part-time farmers	Full-time farmers
Children under 14 years of age	1.8	0.7
Children 14 years and older, living at home	0.8	0.5
Adult children living away from home	0.8	0.9
Average No. of children per family	3.4	2.1
Total persons living in household	4.6	3.2

Adult Children

The median age of the adult children of full-time farmers was 35 years compared with 25 years for part-time farmers (Table 1). Yet, the adult children of each group had a median of 12.6 years of formal education.

Much of the decline of number of workers in farming occurs when farm-reared children leave the farm (12). Nearly half of the adult children living away from home left home immediately after completing school (Table 1). Most children were ready to move from home when they completed their formal education. Only one out of five spent more than three years at home after completing school.

Eighty-five percent of the adult children of part-time and full-time farmers live in Michigan (Table 1). Also, some of those living outside Michigan are in military service, many of whom will settle in Michigan.

One-third of those gainfully employed had semi-skilled jobs. A higher proportion of adult children of part-time farmers had semiskilled jobs, and fewer were in skilled jobs. While the adult children of part-time farmers were 10 years younger than full-time farmers' children, each group had similar education. The older group has advanced further up the skill ladder.

None of the sons of part-time farmers are now full-time farmers. On the other hand, 15 percent of the gainfully employed adult sons of full-time farmers are farming full-time. A few of the sons of part-time farmers are part-time farmers, but this is a secondary occupation.

Residence

Several measures indicate geographic mobility of farmers. Over 85 percent of the farmers studied have

always lived in Michigan, with little difference between full-time and part-time farmers (Table 3).

Few farmers studied have migrated between states, and most are also not mobile within Michigan. Nearly 9 out of 10 live within 50 miles of their last residence (Table 3), and 37 percent of the full-time farmers and 21 percent of the part-time farmers live less than one mile from their previous residence.

Part-time farmers had moved more than two miles an average of 2.4 times during their adult life, compared with 2.1 times for full-time farmers. Nevertheless, part-time farmers had lived in their present location an average of 15 years, compared with 21 years for full-time farmers. Thus, most part-time and full-time farmers "settled down" to a permanent residence before they were 35 years old and became geographically immobile.

Table 3—Mobility of 154 part-time and full-time Michigan farm operators, 1961

Item	Units	Part-time farmers	Full-time farmers	All farmers
Interstate mobility:				
Always lived in Michigan	percent	88	85	86
Have lived in other states	percent	12	15	14
Total		100	100	100
Miles from last residence:				
0 miles	percent	21	37	28
1 - 10 miles	percent	40	34	37
11 - 50 miles	percent	29	16	23
More than 50 miles	percent	10	13	12
Total		100	100	100
Cumulative moves of more than 2 miles:				
Proportion of operators	percent	64	57	61
Moves per operator	number	2.4	2.1	2.2
Time in present location	avg. yrs.	14.9	21.4	17.8

Occupation

The part-time farmers were employed by their present employer an average of 11.6 years (Table 4). Since engaging in nonfarm work they changed employers an average of only 2.4 times. The first regular job strongly influenced the primary occupation of part-time farmers. Also, younger workers have the greatest occupational mobility (7, 13).

Usually part-time farmers in the areas studied held full-time nonfarm jobs the year around. Primarily due to temporary layoffs, only 9 percent of the sample worked less than 12 months off the farm in 1961. In some areas of the U. S., part-time farmers work off the farm during seasons not requiring farm work. However, in lower Michigan the off-farm job is usually the primary occupation. Farming is frequently a hobby or a source of nonmonetary satisfactions, or associated with a "home."

Many believe that part-time farmers attempt to adjust nonfarm work hours to have a maximum number of daylight hours for farm work. Over two-thirds

of the part-time farmers worked on 8 a.m. to 5 p.m. shift on their nonfarm job and 11 percent worked rotating shifts (Table 4). Since many of these workers are employed in industrial plants which operate more than one shift, farmers apparently do not adjust nonfarm work schedules for farm work.

Table 4—Characteristics of nonfarm jobs held by part-time farmers, Michigan, 1961

Item	Units	Number
Time on present job	years	11.6
Months worked per year:		
12 months	percent	91
Less than 12 months	percent	9
Total		100
Shifts worked:		
8 a.m. to 5 p.m.	percent	68
4 p.m. to 12 p.m.	percent	14
12 p.m. to 8 a.m.	percent	6
Rotating	percent	11
Other	percent	1
Total		100
Annual earnings from nonfarm job	dollars	5,741
Average number of nonfarm jobs held per man (accumulative)		
	number	2.4
Reasons for changing jobs:		
More income	percent	41
Laid off	percent	14
Company moved the plant	percent	13
Better working conditions	percent	16
Other	percent	16
Totals		100

Summary

Part-time farmers are younger than full-time farmers, and have somewhat larger families. However, differences in educational level, geographic mobility and length of residence are negligible or can be attributed to differences in age. Most part-time farmers have had full-time nonfarm jobs with considerable longevity with their present employer.

THE FARM BUSINESS

It is important to view differences in resources available and operations of part-time and full-time farmers to understand the principal characteristics of each.

The low-income full-time farmers operated an average of 40 acres more land than part-time farmers (Table 5). However, the part-time farmers owned 98 percent of the land they operated; compared with 77 percent for low-income full-time farmers. None

Table 5—Land tenure, 154 part-time and full-time farmers, Michigan, 1961

Item	Average per farm	
	Part-time	Full-time
	acres	
Owned land	114	138
Rented land:		
From others	26	41
To others (a)	-4	-
Total acres operated	136	179

(a) Seven part-time farmers rented an average of 4.5 acres to others.

of the full-time farmers and only 4 percent of the part-time farmers rented land to others; and acreage was small.

It is often stated that many part-time farmers get into farming by inheriting land. However, 13 percent of full-time farmers and only 7 percent of the part-time farmers inherited land.

Land and buildings comprise a slightly higher proportion of total capital for part-time than full-time farmers (Table 6). The opposite is true for the value of livestock. Also, different livestock enterprises were involved.

Table 6—Farm capital, 154 part-time and full-time farmers, Michigan, 1961

Item (a)	Average per farm		Proportion of total capital	
	Part-time	Full-time	Part-time	Full-time
	dollars		percent	
Value of land and buildings	25,108	29,454	81	79
Value of livestock	3,107	5,078	10	14
Value of machinery	2,665	2,835	9	7
Total	30,880	37,367	100	100

(a) The crop inventory was small and not included.

The average value of machinery per farm was essentially the same for the part-time and full-time farms. The part-time farmers had an average machinery investment of 67 cents per dollar of gross farm income, compared with 36 cents for full-time farmers. Part-time farmers have a high investment in machinery in relation to production. Several stated that off-farm income enabled them to have more and better machinery than when they were farming full-time. They also received satisfaction from their machinery, which is frequently a prestige symbol among farm people.

Farm Labor

It is difficult to obtain reliable labor input data by interview, but estimates were obtained of the time devoted to farm work by the various members of the families studied (Table 7). Part-time farmers reported an average of 124 eight-hour days on the farm and 226 nonfarm work days or 350 eight-hour days work per year. Part-time farmers work more hours per year than low-income full-time farmers.

The wives of part-time farmers averaged 24 days of farm work per year compared with 17 days for

Table 7—Family labor input, 154 part-time and full-time farmers, Michigan, 1961

Item	Average per farm (a)	
	Part-time	Full-time
	days	
Farm operator	124	279
Operator's wife	24	17
Other	37	35
Total	185	331

(a) A day's labor is defined as 8 man-hours per day.

wives of full-time farmers. Other family members contributed about 36 work days per year on both the part-time and full-time farms. The total work days per farm, from all sources, on full-time farms was nearly double that on part-time farms.

Resource Adjustments

Do part-time farmers change the use of nonlabor farm resources? Only one-third of the part-time farmers reported changes in their farm operation resulting from work off the farm (Table 8).

Table 8—Changes in farm operation, 89 part-time farmers, Michigan, 1961

Item	Part-time farmers percent (a)
Part-time farmers making some changes	33
Less intensive land use	16
Livestock enterprise:	
Eliminated livestock	12
Reduced number of livestock	6
Change from dairy to beef or sheep	6
Hired custom work and labor:	
Hired more custom work	7
Hired more labor	8
Family does more farm work	3
Other changes:	
Bought more machinery	7
Reduced farm work to necessities	9

(a) Does not add to 100 percent because two or more changes were made by some operators.

Land is less intensively used when the operator secures off-farm work. The dairy enterprise is frequently eliminated. A major dairy enterprise is found much more frequently on full-time farms, while part-time farmers engage in general farming (Table 9).

The type of farming by part-time farmers commits fewer resources to agriculture than would be required to yield a level of farm income comparable to their total income. These adjustments also change the composition of inputs. Compared with low-income full-time farms, more custom work is hired, family members contribute slightly more farm work, and mechanization is at a higher level per unit of output.

Table 9—Major farm enterprises, 154 part-time and full-time farmers, Michigan, 1961

Type of enterprise (a)	Part-time	Full-time
	percent	
Dairy	18	52
Grain	16	11
Beef	10	7
Hog	2	7
Specialty crops	20	8
General	34	15
Total	100	100

(a) Based on 50 percent or more of gross farm income from the major enterprise. The group classified as "General" did not have 50 percent or more of gross farm income from a single enterprise.

Plans for the Future

Part-time farming is typically portrayed as a steppingstone out of agriculture. Part-time farming has

enabled farmers to change gradually from farm to nonfarm employment.

The above pattern can be historically verified over and over, but multiple jobholding is becoming a more permanent institutional arrangement, particularly in areas of industrialization.⁷ This does not imply absence of mobility both in and out of this institutional pattern. Rather, it implies that combining full-time, off-farm employment with some degree of farming permits farmers to fulfill more goals or desires than in only one of the activities.

Sixty-eight percent of the part-time farmers said they intend to continue farming and nonfarm work as a permanent way of making a living. Of the 20 percent who desired to farm full-time, several doubted if they could realize this desire. About 10 percent of part-time farmers indicated they intended to leave farming and work only on a nonfarm job.

Nine out of ten low-income full-time farmers expected to continue full-time farming. Of the remaining 10 percent, equal numbers indicated intentions to sell their farms and work full-time at a nonfarm job, or to combine farming and nonfarm work.

Summary

Most farmers interviewed intend to continue either as part-time or full-time farmers. Part-time farmers adjust their farming operations to their part-time job with more extensive enterprises and a high machinery investment in relation to sales.

THE NONFARM JOB

The part-time farmer must relate his farm job to his nonfarm job. This involves several facets, from getting a job to making adjustments to secure better jobs.

Getting a Nonfarm Job

To facilitate the movement of labor from agriculture to the nonagricultural sector, writers frequently state that farmers need more and better information about existing job vacancies in the nonfarm labor market. Obviously, awareness of alternative employment opportunities is essential for employment mobility. However, farmers may be aware of existing nonfarm opportunities.

One means to determine the knowledge of farm operators about the off-farm job market is to learn how part-time farm operators obtained their present nonfarm job. First, nearly all of the operators in the sample lived in the same general locale most of their lives. They are thoroughly familiar with the various industrial plants, local government units and the nonfarm setting of their community. The most obvious way to find a job is to apply at the plant. Thirty-eight percent of the part-time farmers obtained their cur-

rent job this way. Another 23 percent learned of their present nonfarm job through friends or relatives, and 18 percent had jobs offered to them by their employer. A few individuals obtained their job through newspaper advertisements, the Michigan Employment Security Commission, and other miscellaneous sources. These facets of the nonfarm job labor market in rural communities seem to be unrecognized by many students of rural labor mobility. The labor market is usually described as a formalized structure that fits a large urban center.

Only 3 percent of the part-time farmers were unable to get nonfarm jobs during the 5-year period preceding the study, even though one of the labor market areas studied had relatively high unemployment rates. Also, half of the part-time farmers received information of other available nonfarm jobs from personal contacts.

One out of four part-time farmers had been involuntarily out of work some time during the preceding 5 years, usually for a few weeks during seasonal layoffs or temporary labor force reductions. The pattern is similar to the labor market pattern of the areas studied, indicating that jobs held by part-time farmers are similar to those of nonfarmers.

Farmers seem to be well informed about relevant nonfarm work opportunities; the types of work for which they are qualified without additional education or specialized training and within a reasonable distance of their home. With a lack of interest in additional training, it is unlikely that information about job opportunities for which they are not qualified would affect their occupational mobility.

A series of subjective questions were asked to learn if some condition would prevent them from accepting a job. For example, would a farmer accept a job requiring no additional training, but requiring him to move to a city with a population of 100,000 or more? Nine out of ten said they would not move to the city under any conditions.⁸ A few indicated they would move to a city or a suburban setting, after their children were reared. A few husbands and wives did not agree on their rural-urban preferences.

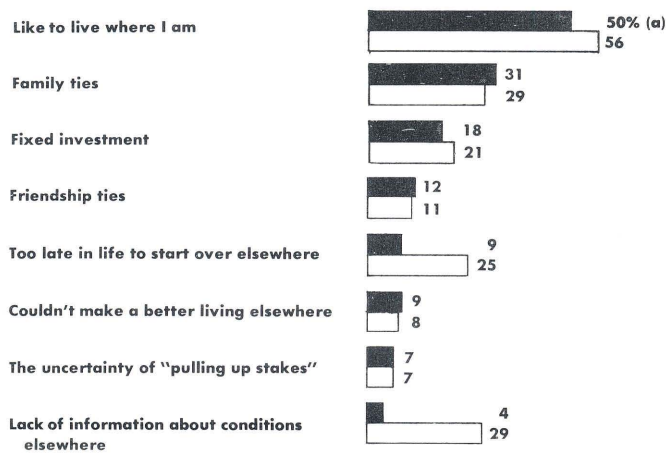
Farmers were then asked, "If you could live any place you wished, and assuming equal income opportunity, where would it be?" Three-fourths of the part-time farmers indicated a preference to live in Michigan. A number of other states were mentioned, with climate the dominant consideration. About half of those desiring to live in another area of the United States had been to the region, but the remainder based their response on secondary sources of information.

⁷There is increasing support for this position (9).

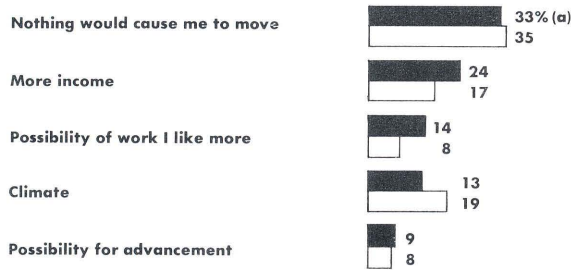
⁸The intensity of this opinion was not measured, but a measure of a similar preference will be discussed.

Farmers who did not wish to move from their present community most frequently answered, "I like to live where I am" (Fig. 1). A third of the farmers responded that "family ties" or kinship was the primary reason. Responses were similar for both part-time and full-time farmers, except full-time farmers answered, "too late in life to start over elsewhere," and "lack of information about conditions elsewhere" more frequently. The first is related to the age of full-time farmers and the latter is associated with the need to be familiar with the climate and type of farming to farm successfully.

REASONS FARMERS DO NOT WANT TO MOVE



WHAT WOULD INFLUENCE FARMERS TO MOVE?



Key:
 ■ Part-time Farmers
 □ Full-time Farmers

(a) Percent refers to the proportion of total respondents who listed the reason in question as being relevant. Does not add up to 100 because most respondents gave more than one reason.

Figure 1. Reasons given by respondents that tend to inhibit, or may encourage them to move to another part of the U. S. For a sample of part-time and full-time Michigan farmers, 1961.

When asked what would influence them to move, a third of both groups insisted that nothing would cause them to move. Some unstipulated increase in

income would entice one out of four part-time farmers and one out of six full-time farmers to move. Similarly, more agreeable work would induce more part-time farmers to move than full-time farmers. The relative importance of increased income and more agreeable work indicates that part-time farmers are potentially more geographically mobile than full-time farmers.

Since farmers "know" their labor market within commuting range, are reluctant to acquire additional training, prefer rural living, desire to live in Michigan, and do not wish to move, it seems unlikely that additional information about nonfarm employment opportunities would hasten the movement from farm to nonfarm employment. More important, information about job opportunities is useless under conditions of high unemployment, especially when available jobs require qualifications not likely to be held by farmers.

A more effective program would include efforts to emphasize the changes in skill needed; the importance of a basic education; information on chronic unemployment, industrial expansion and living conditions by areas; and efforts to broaden personal horizons and reduce uncertainties. Even with such a program, the selective process based on age and education will continue. Farmers with the characteristics of the low-income group would probably not change occupation with better information.

Nonfarm Job Classification of Part-Time Farmers

Eighty percent of the nonfarm jobs held by part-time farmers are skilled or semiskilled (Table 10). Skilled jobholders are most frequent among the 40-year to 59-year age group, while those under 40 are most commonly in semiskilled jobs. Of those over 59 years old 22 percent work in unskilled jobs, but also 22 percent of this age group hold managerial jobs.

Table 10—Classification of type of off-farm work and age, 89 part-time farmers, Michigan, 1961

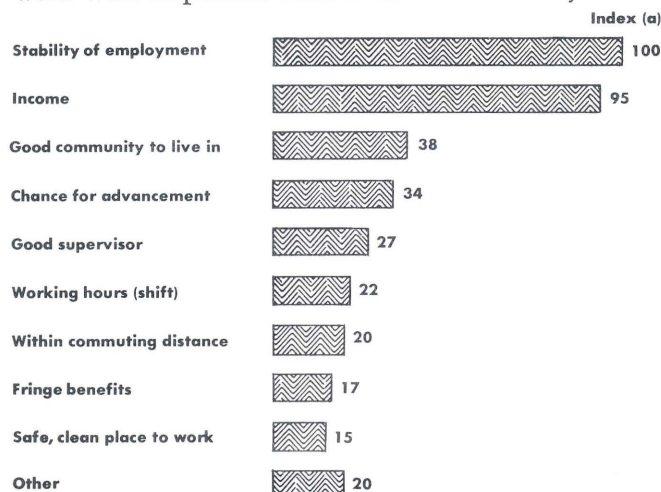
Work classification (a)	Less than 40 years	Age 40 to 59 years		Total
		More than 59 years	percent	
Unskilled	8	3	22	7
Semiskilled	48	36	34	39
Skilled	28	50	22	41
Managerial	8	7	22	9
Professional	8	4	—	4
Total	100	100	100	100

(a) Based on the *Dictionary of Occupational Titles*.

These data contrast part-time farming in Michigan and less industrially developed areas of the U. S. (3, 11). The relatively high proportion of skilled and semiskilled jobs held by part-time farmers and permanency of employment indicate an orientation to the Michigan nonfarm labor market and retention of farming activities.

Nonfarm Job Preferences

Part-time farmers ranked nonfarm job conditions in order of importance. First preference was given to stability of employment (Fig. 2). These people view their nonfarm job as a major occupation; with farm activity providing supplemental income and other values. Next in importance was money income. These two income oriented responses were far more important than other factors. A good community in which to live, usually their present community, was an important nonfarm job condition. A chance for advancement, a good supervisor, and a safe, clean place to work were important conditions for nonfarm jobs.



(a) First three preferences in order of importance among nonfarm job conditions were weighted 3, 2 and 1 to construct the index.

Figure 2. Relative importance of nonfarm job conditions, 89 part-time farmers, Michigan, 1961.

Labor Unions

It is sometimes believed that labor unions reduce employment mobility because they create institutional rigidities, such as seniority benefits, pension plans and unemployment compensation. A more elaborate study is needed to test the hypothesis. Half of the part-time farmers were members of a labor union. Eighty-two percent of the union members regarded seniority as a valuable possession (Table 11). They felt anything which jeopardized their seniority was to be avoided, even though it interfered with their farm work.

While seniority is valued, union members did not think that membership was a serious restraint to their employment mobility (Table 11). Some answers show an apparent conflict that cannot be resolved by this study. However, part-time farmers generally do not believe that labor union membership restrains them in obtaining, maintaining or changing jobs.

Interest in Training

The farmers studied were asked if they would like to receive additional training to improve their income

Table 11—Relation of labor unions and nonfarm work, 89 part-time farmers, Michigan, 1961

Item	Total all part-time farmers percent
Seniority is a valuable possession (a)	
No	18
Yes	82
Have labor unions influenced you in: (b)	
1. Obtaining a nonfarm job	
No	91
Yes	9
2. Keeping your nonfarm job	
No	81
Yes	19
3. Changing jobs with present employer	
No	90
Yes	10
4. Changing employers	
No	94
Yes	6

(a) Labor union members only.
(b) All part-time farmers.

potential if they could continue their present employment. They were given two alternatives: (a) if they paid the cost, or (b) at no cost to them. Then they were asked if they wanted training when they had to give up present employment and receive a nominal income while in training. The interest in additional training varies inversely with age (Table 12). Moreover, only half the farmers less than 30 years old indicated interest in any additional training. For the farmers, age 30 through 49, a little over a third were interested in training. There is no significant difference between part-time and full-time farmers under 50 years of age. About 20 percent of the part-time farmers and 2 percent of the full-time farmers over 50 years of age expressed interest in training.

Table 12—Interest in obtaining additional training, by age, 154 part-time and full-time farmers, Michigan, 1961

Item	Proportion interested in more training		
	Part-time farmers	Full-time farmers	Total All farmers
	percent		
At a cost to recipient:			
Less than 30 years of age	50	(a)	50
30 through 49 years of age	41	38	40
More than 49 years of age	21	2	11
At no cost to recipient:			
Less than 30 years of age	50	(a)	50
30 through 49 years of age	47	41	45
More than 49 years of age	21	5	12
If recipient was paid:			
Less than 30 years of age	50	(a)	50
30 through 49 years of age	39	31	36
More than 49 years of age	11	2	8
Total all farmers:			
Interest in at least one of the above "plans"	30	22	27

(a) Too few farmers.

More research is required to analyze the reluctance to participate in training in order to increase income. Uncertainty prevailed with respect to: (1) obtaining a higher paying job when training was completed; (2) moving geographically to take advantage of training; and (3) liking the new work as well as their present job.

Age was the dominant reason given for lack of interest. Farmers under 30 years of age will be affected most by training programs. Essentially the same proportion of part-time and low-income full-time farmers indicated an interest in receiving additional training. The two groups were mildly interested in improving their income earning potential through training.

Several studies show that many farmers were not qualified for nonfarm jobs (10). Current training programs are not likely to affect low-income farmers. But, training programs could prevent young people from becoming low-income farmers or entering types of nonfarm employment which are becoming obsolete.

Off-Farm Work—Further Considerations

A number of questions were asked part-time farmers in order to understand their reasons for combining two income-earning activities. Nearly two-thirds said that they worked off the farm because farming did not yield sufficient income. Many lacked capital and were unwilling to go deeply into debt to make an adequate living from farming. Other reasons for not farming full-time were: too much work; too much government interference; lack of security; like their off-farm job; and can make more money by combining the two income sources.

Half of the part-time farmers reported they did not want to work only at their off-farm job because they liked to farm. Others utilized the investment they had in the farm because they would lose much of their capital if they sold the farm. A few wanted to farm full-time and were attempting to gain control of more resources. Others were keeping their farm for retirement.

One cost of part-time farming is the resentment of farm neighbors or nonfarm workers who believe it is unethical to hold two jobs while others are unemployed. Resentment varies among communities and over time, and part-time farmers undoubtedly underestimate its prevalence. Nevertheless, in the study, one out of five part-time farmers noted resentment in communities where part-time farming is prevalent. Some part-time farmers said they once believed part-time farming to be unethical. Resentment by co-workers was more common than by farm neighbors. It is impossible to measure the effect resentment of holding two jobs has on labor mobility. The author gained the impression during interviews that holding two jobs is becoming more acceptable.

Two-thirds of the part-time farmers did not think there were opportunities for promotion in their non-farm job. Yet, half of them had been promoted by their employer. A substantial number believed they had reached the highest level available to them in their firm and did not expect to receive further promotions.

Nearly two-thirds of the part-time farmers reported they would look for another nonfarm job if they were permanently laid off, while one out of four would rely on full-time farming for their living. These responses indicate that part-time farmers in southern Michigan view multiple jobholding as a relatively permanent arrangement.

One factor influencing employment mobility is commuting to work. The time and distance traveled depends on the transportation facilities, density of commuters, and the location of plants. The two areas studied have similar commuting patterns. The average commuting distance of part-time farmers is 11 miles or 20 minutes. A few individuals drove 40 miles one way and one drove 60 miles.

Commuting with a car-pool arrangement was not disliked. Commuters indicated willingness to drive an average of 25 miles or 40 minutes per day one way.

The farm operator's wife often works on the farm, but 22 percent of the wives of part-time farmers and 12 percent of the wives of full-time farmers worked at nonfarm jobs. A study to learn the type of work, income and other characteristics of work by wives of farmers should be made to extend these findings.

Summary

Farmers had little difficulty learning about relevant jobs, most of which are obtained through direct inquiry or information provided by friends or relatives. A large proportion held semiskilled or skilled jobs. Labor unions may limit job mobility, as many labor contracts stress seniority. Few farmers were interested in taking training to upgrade their skills, although most thought they had few promotion opportunities. Commuting was not a problem for most farmers.

INCOME DIFFERENTIALS

Preceding sections described environmental conditions of part-time and low-income full-time farmers. However, the income available to a family unit for living and reinvestment is important. The total net income of part-time farmers is nearly twice that of low-income full-time farmers because nonfarm income of part-time farmers averaged \$5,662 in 1961 compared with \$694 for full-time farmers (Table 13). The gross farm income of full-time farmers was nearly double, and the net cash farm income was more than double that of part-time farmers.

Gross farm income per \$100 expense and depreciation averaged \$146 per farm on the full-time farms compared with \$124 on part-time farms. Full-time farmers apparently use nonlabor farm resources more efficiently than part-time farmers.

Table 13—Farm and nonfarm income, 154 part-time and full-time farmers, Michigan, 1961

Item	Average per farm	
	Part-time	Full-time
Gross farm income	\$ 3,980	\$ 7,781
Cash expenses	2,725	4,824
Net cash farm income	1,255	2,957
Nonfarm income	5,662	694
Total net cash income	6,917	3,651
Value of perquisites	572	542
Less depreciation on buildings and machinery	-489	-511
Total net income	7,000	3,682

Nonfarm income from work or nonwork sources is important. Forty-two percent of the full-time farm families had nonfarm income averaging \$2,791 per year. The nonfarm income for all full-time farm families averages \$700 per year (Table 14).

Table 14—Family income from all nonfarm sources for 154 part-time and full-time farmers, Michigan, 1961

Item	Average per farm family who received nonfarm income (a)		Average per farm family for all sample farms	
	Part-time	Full-time	Part-time	Full-time
	\$	\$	\$	\$
Work	5,365	1,591	5,365	196
Other	945	1,200	297	498
Total	6,310	2,791	5,662	694

(a) Thirty-one percent of the part-time and 42 percent of the full-time farm families received nonfarm income from other than work sources. Twelve percent of the full-time farm families received nonfarm income from off-farm work (wives working off the farm).

The income of part-time farmers is considerably higher than low-income full-time farmers (Table 15). Only 11 percent of the part-time farmers had net cash income⁹ for family living and reinvestment of less than \$5,000 and 22 percent had net cash income of over \$10,000. None of the low-income full-time

Table 15—Distribution of net cash income (a) for family living and reinvestment, 154 part-time and full-time farmers, Michigan, 1961

Income	Part-time	Full-time
	farmer	farmer
Less than \$2,000	1	9
\$2,000 to \$4,999	10	71
\$5,000 to \$9,999	67	20
\$10,000 and more	22	—
Total	100	100

(a) Gross farm income, plus nonfarm income, minus cash farm expenses.

⁹See footnote Table 15 for the definition of this income measure.

farm families had over \$10,000 net cash income, while 80 percent had less than \$5,000.

The return to farm capital and management is negative for both the part-time and full-time operations if labor is reimbursed \$250 per month (Table 16). The return to farm labor and management with 5 percent charged for capital for the part-time farm operators is -\$144 per month, and for full-time farmers \$48 per month.

Table 16—Net returns to capital and operator's labor and management, 154 part-time and full-time farmers, Michigan, 1961

Item	Unit	Average per farm	
		Part-time	Full-time
Net return to farm capital and management (a)	Percent	- 1.9	- 1.5
Net return to farm operator's labor and management (b)	\$/month	-144.	48.

(a) The operator's labor was charged at \$250 per month.

(b) A charge of 5 percent was made on farm capital.

With a 4 percent return to capital, hourly labor returns from farming for full-time farmers are about 4 times that of part-time farmers (Table 17). With no charge for capital, both groups earned slightly over \$1 per hour. The difference between part-time and full-time farmers is less with no return to capital than with a return to capital of 4 percent, because part-

Table 17—Hourly farm and nonfarm earnings, 154 part-time and full-time farmers, Michigan, 1961

Group	Hourly Farm Earnings (a)		Hourly nonfarm earnings (b)
	With 4 percent return on capital	With no return on capital	
Part-time farmers	\$ 0.16	\$ 1.02	\$ 2.76
Full-time farmers	0.63	1.28	—

(a) Farm wage rates were computed by dividing farm earnings by total labor used.

(b) Nonfarm wage rates were based on 226 eight-hour working days per year.

time farmers have \$167 invested per hour of farm labor, while full-time farmers have \$113 invested per hour of labor.

Regardless of the allocation between capital and labor, the hourly return to labor in agriculture is below the average hourly nonfarm work return of \$2.76 per hour.

Earnings of labor and capital in other uses must exceed returns in agricultural use. However, this assumes resources similar to factors in other uses and that there are attainable alternative uses. Farmers may supply their productive services more efficiently in agriculture than in a nonfarm use. A farmer's income comprises the earnings from his capital, management, labor and the labor of his family. Earnings of each may be lower than in other occupations or industry, but farmers may be unable to transfer their labor experience, capital, management or family labor

into other enterprises. The operator may earn more for his labor, but he may sacrifice the returns on the other factors not transferable, thus making part-time farming attractive.

Money Income Versus Work Preferences

Part-time farmers were asked: (1) how much annual income would you have to have from nonfarm work before you would quit farming, and (2) how much annual income would you have to have from the farm before you would quit working off the farm? Nearly two-thirds said they would not quit farming regardless of their nonfarm income; indicating that the farm is regarded as a hobby, a home or a place to live and rear a family. A few would not quit their nonfarm work at any reasonable level of farm income.

It would take an average of \$1,266 per year more to induce part-time farmers to quit farming than to induce them to quit their nonfarm job (Fig. 3).¹⁰ This difference is "money income preference for farming," or the amount of income farmers would give up to farm only, in lieu of working at a nonfarm job only. The nonfarm income is \$5,767 and the net farm income is \$766.¹¹ The difference between the nonfarm income required to quit farming and present nonfarm income ($\$7,930 - \$5,767 = \$2,163$) indicates the marginal income to change from part-time farming to working only off the farm. The marginal income to change from part-time to full-time farming is ($\$6,664 - \$766 = \$5,898$). With present incomes, it would require nearly three times the increase in farm income as in nonfarm income to change occupations. It is un-

¹⁰The magnitude of this differential is similar to that obtained in an Iowa study which involved occupational choice preferences of senior high school farm boys. Boys who preferred nonfarm work would forego \$1,750 annually to farm. They expected to earn at least \$1,280 more in nonfarm employment (4).

¹¹Does not include income from nonwork sources or off-farm work by other members of the family. It is assumed these income sources would continue regardless of the operator's occupational choice.

likely that either farm or nonfarm income will increase that much, so dual jobholding likely will persist.

There are several implications concerning the money income preference for farming. First, money income is the dominant factor stimulating farmers to hold nonfarm jobs.¹² The uncertainty of nonfarm job earnings causes many to continue to farm part-time (8). There is a money income preference for farming of \$1,266 per year. Also, many persons expressed strong preferences to live in a rural area and to continue part-time farming for reasons other than money income. Psychic income may not motivate a family to stay on the farm when income is low, but when money income is above some minimum, psychic income can be a motivation for part-time farming.

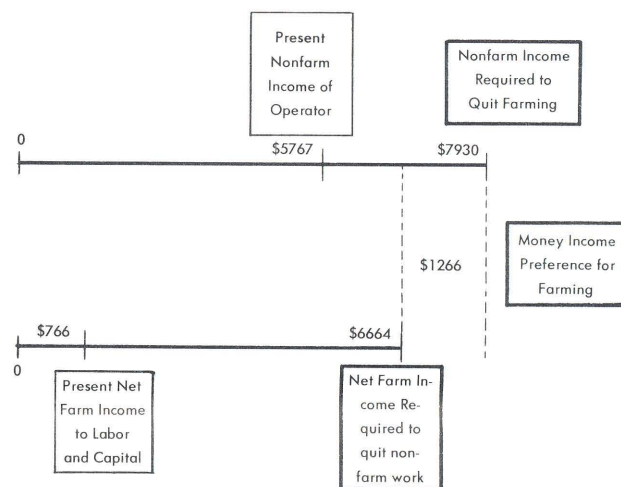
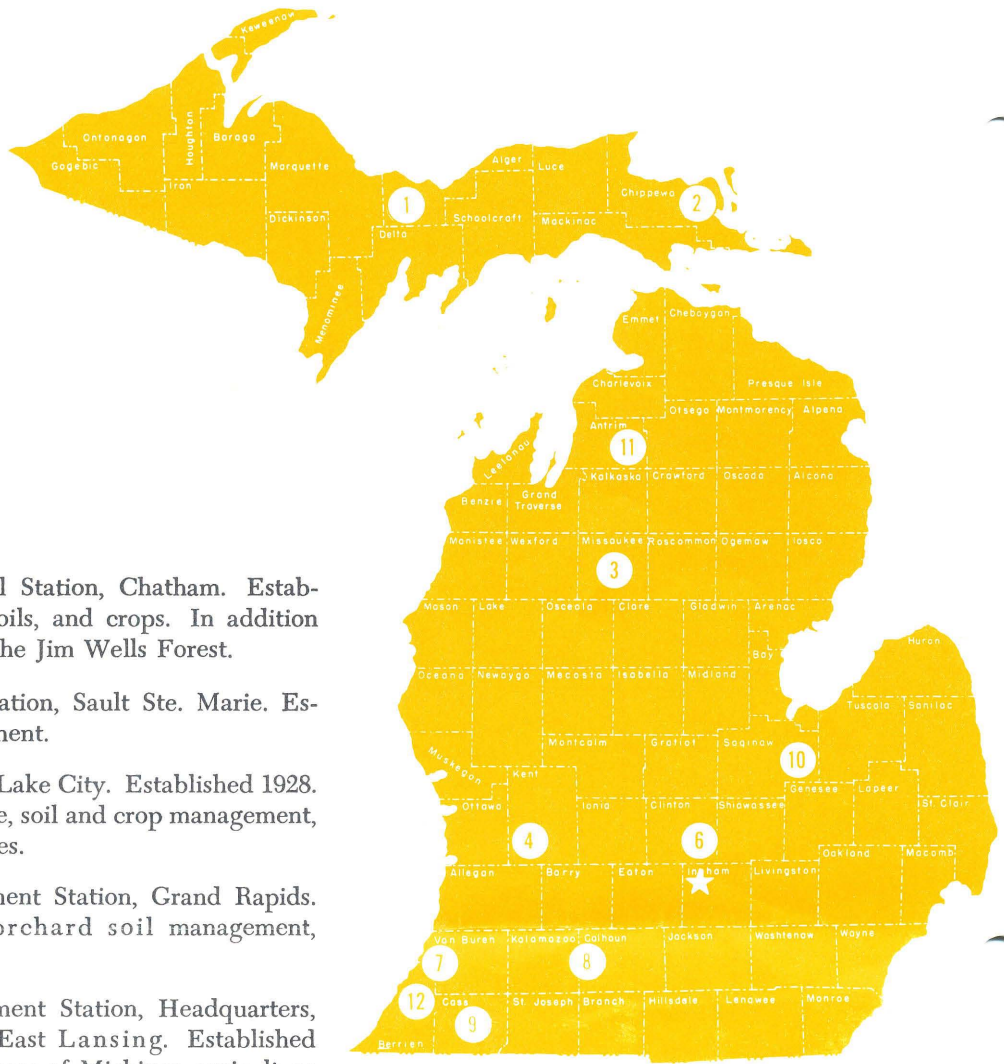


Figure 3. A comparison of money income levels required before quitting nonfarm or farm work, for a sample of Michigan part-time farmers, 1961.

¹²The money income preference data are based on questions of the nature "if . . . then." Respondents were not specifically faced with the necessity of moving geographically if they quit farming or quit their nonfarm job. Emphasis on economic variables, at the expense of sociopsychological variables limits the conclusions. Yet, this analysis provides strong evidence that the money income preference for farming is important.

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- 1 Upper Peninsula Experimental Station, Chatham. Established. 1907. Poultry, dairy, soils, and crops. In addition to the station proper, there is the Jim Wells Forest.
- 2 Dunbar Forest Experiment Station, Sault Ste. Marie. Established 1925, forest management.
- 3 Lake City Experiment Station, Lake City. Established 1928. Potatoes, breeding of beef cattle, soil and crop management, and fish pond production studies.
- 4 Graham Horticultural Experiment Station, Grand Rapids. Established 1919. Varieties, orchard soil management, spray methods.
- ★ Michigan Agricultural Experiment Station, Headquarters, 101 Agricultural Hall, MSU, East Lansing. Established 1888. Research work in all phases of Michigan agriculture and related fields.
- 6 Muck Experimental Farm, Laingsburg. Plots established 1941, crop production practices on organic soils.
- 7 South Haven Experiment Station, South Haven. Established 1890. Breeding peaches, blueberries, apricots. Small fruit management.
- 8 W. K. Kellogg Farm and Bird Sanctuary, Hickory Corners, and W. K. Kellogg Forest, Augusta. Established 1928. Forest management, wildlife studies, mink and dairy nutrition.
- 9 Fred Russ Forest, Cassopolis. Established 1942. Hardwood forest management.
- 10 Ferden Farm, Chesaning. Plots established 1928. Soil management, with special emphasis on sugar beets. (Land Leased)
- 11 Estelle Farm, Elmira. Plots established 1949. Cropping systems with special emphasis on potatoes. (Land Leased)
- 12 Sodus Horticultural Experiment Station, Sodus. Established 1954. Production of small fruit and vegetable crops. (Land Leased)

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