

3-1-1960

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Roger W. Strohbehn  
*Iowa State University*

John F. Timmons  
*Iowa State University*

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### Recommended Citation

Strohbehn, Roger W. and Timmons, John F. (1960) "Changing Paths to Farm Ownership," *Iowa Farm Science*: Vol. 14 : No. 9 , Article 4.

Available at: <http://lib.dr.iastate.edu/farmscience/vol14/iss9/4>

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# Changing Paths to Farm Ownership

The idea of an "agricultural ladder" was put forth 40 years ago. But, like the pattern of farm ownership itself and the ways in which owners get their farms, the pathways to farm ownership have changed over time.

by Roger W. Strohbehn and John F. Timmons

**O**WNERSHIP of the land they operate has been one of the foremost goals of Iowa farmers since settlement was started in the 1830's. The paths to ownership, however, aren't always the same.

In the second of this series of three articles we outlined the *methods*—purchase, inheritance, etc.—by which Iowa farm owners first acquired actual ownership. This month, let's take a look at the *paths* of work experience they followed to reach the ownership stage.

As in the previous two articles in the November and December issues, our information is based on a statewide survey conducted in 1958. In this case, however, we're going to look at the paths followed by the male owners, who made up 85 percent of the owners included in the survey.

## The "Ladder" . . .

The idea of an "agricultural ladder" was put forth 40 years ago. It described the usual experience process that a person went through to become a farm owner. According to this ladder, an individual gained experience and capital to own and operate a farm by advancing through the following steps: from family laborer and/or hired hand to renter to mortgaged owner and, finally, to debt-free ownership. Owners who pro-



The traditional "agricultural ladder" is undergoing some changes, particularly the second (hired hand) rung.

gressed through these steps were said to have climbed the agricultural ladder.

## . . . Its Variations

We found 11 different ladders to farm ownership in our survey. The most frequently used ladder—followed by over one-third of the owners—was the conventional one including experiences (1) on parents' farm, (2) as a hired farm worker, (3) as a renter and (4) as a mortgaged or full owner. The next most common ladder—followed by one-fourth of the owners—included an additional rung, nonfarm labor.

These two ladders accounted for about three-fifths of all owners. The remaining two-fifths of owners reported following one of the other nine ladders (see table 1).

Not all of the owners reported that they'd made continuous progress toward ownership. Some had been forced to repeat a rung or two on the ladder during periods of low prices or unfavorable weather. But they succeeded in retracing their steps and in becoming owners at a later date.

Increased mechanization of farm operations and the corresponding increase in farm size have led some to the belief that the agricultural ladder doesn't explain owner experience as well today as it did in previous years. And another factor suggesting decreasing importance of the ladder is the increasing number of non-operating landlords in recent years.

TABLE 1. "Agricultural Ladder" of Iowa's Farm Owners (Men).

Experience <sup>1</sup>	1946	1958
Agricultural ladder		
P or H, R-O	27%	34%
P or H, R-N-O	23	25
Limited farm experience		
H or R, O	1	1
H or R, N-O	7	2
P-O	11	11
P-N-O	18	12
Owner operatorship without prior farm experience		
N-O	5	3
Landlord without experience as owner-operator		
R-L	1	1
R-N-L	1	1
P or H, L	1	—
P or H, N-L	3	6
Landlord without farm experience		
N-L	2	4

1P = Parents' farm  
H = Hired farm worker  
R = Renter  
N = Nonfarm employment  
O = Owner-operator  
L = Landlord

ROGER W. STROHBEHN is agricultural economist, Farm Economics Research Division, ARS, USDA, and JOHN F. TIMMONS is professor of economics at Iowa State.

Information obtained from Iowa land owners in 1946 and 1958, however, indicates that 9 percent more owners in 1958 than in 1946 followed the path described by the regular agricultural ladder. And this increase was accompanied by a decrease in the numbers of owners who had come into farm ownership with only limited farm experience and in the numbers who had come into owner-operatorship without farm experience. The increase in the number of nonoperating landlords included those who became landlords without experience as an owner-operator or without any farm experience.

Experience is acquired with the passing of time. Thus, any description of tenure experience reflects the conditions that existed during a period before the time of a particular study. So far as the use of the agricultural ladder is concerned, the economic conditions in the years preceding the ownership surveys appear to outweigh the effects of any technological advances in those years.

Most of the owners in the 1946 survey were people who had a varied pattern of employment during the depression. By 1958, however, the depression was far enough removed so that many of the owners in the 1958 survey hadn't experienced the depression's disruptive forces. These owners have been able to follow the steps of the ladder more closely. Thus, the route to farm ownership seems to follow the agricultural ladder more closely in periods of prosperity than in less prosperous periods.

Nearly 60 percent of the 1958 owners had experiences corresponding to the agricultural ladder. Another 26 percent had only limited farm experience before ownership, and 7 percent became owners without first having some farm experience. The remaining 8 percent of owners were landlords

with no experience as owner-operators.

### Operators, Landlords . . .

We found a notable difference in tenure experience when we divided the owners into two tenure groups—operators and nonoperating landlords.

About two-thirds of the operators had experience corresponding to the agricultural ladder. Slightly less than 30 percent had limited farm experience before becoming owner-operators, while 4 percent became owner-operators without previous farm experience.

In contrast, 40 percent of the nonoperating landlords had followed the agricultural ladder, 20 percent had limited farm experience before becoming an owner-operator, and almost 25 percent had some farm experience but none as owner-operators. The remaining 10 percent became landowners with no farm experience. All considered, however, nearly 90 percent of the men who were nonoperating landlords in 1958 had some farm experience—indicating that they have at least a basic knowledge of the problems of their tenants.

### A Changing Rung . . .

One of the effects of new techniques in production and of advances in farm technology has been the gradual elimination of full-time hired men on farms. As the cost of farm labor has increased, farm operators have substituted capital, mainly in the form of machinery, for labor. The result has been that some young men now turn to nonfarm jobs to build up a "nest egg" with which to start farming.

To point up the changes taking place in the "hired worker" rung of the ladder, we grouped owners by age intervals and then divided them according to hired farm and

nonfarm experience (see table 2).

A greater number of owners in the 25-34 age group reported nonfarm experience than did any of the other age groups. Experience as a hired hand was least prevalent among the 25-34 age group, but it's increasingly more common as we move to older age groups. From these comparisons, it's clear that many of the younger owners turned to nonfarm employment to accumulate the capital necessary to begin farming. The older owners, on the other hand, sought work as hired hands to gain farm experience while accumulating operating capital.

In some cases, father-son partnership agreements have replaced the hired hand rung of the ladder. The exact extent of these agreements isn't known. But the fact that 30 percent of the younger owners had neither hired hand nor nonfarm work experience suggests that many of them received substantial family assistance in making the transition from being workers on their parents' farm.

### Most Follow Ladder . . .

The goal of ownership of the land they operate has meant different problems for different people. Most of the owners, though, have followed all or a part of the traditional agricultural ladder. But our survey indicates that there are some modifications taking place.

The two major modifications taking place are that farm owners are relying more heavily (1) on nonfarm employment and (2) on family help in acquiring ownership. Slightly over 28 percent of all owners in 1958 reported nonfarm employment in their experiences, and over 75 percent of those under 35 years of age reported nonfarm employment. At the same time, almost 30 percent of all owners reported neither hired hand nor nonfarm employment experience—indicating family help in moving toward ownership.

Both of these modifications represent, in the main, a substitution or replacement rung for the hired farm labor step in the traditional agricultural ladder.

TABLE 2. Tenure Experiences of Iowa Farm Owners (Men) by Age Groups.

Experience	By age groups					
	All ages	25-34	35-44	45-54	55-64	65 and over
Nonfarm employment .....	28%	52%	35%	21%	28%	22%
Hired farm labor .....	18	7	17	19	19	24
Nonfarm employment and hired farm labor.....	24	23	20	28	24	18
No nonfarm employment or hired farm labor.....	30	18	28	32	29	36