

Buying a Farm

in WESTERN OREGON

By E. L. Potter



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FOREWORD

LARGE numbers of requests for information from prospective farm purchasers in Oregon are being received daily by staff members of the School of Agriculture, the Extension Service, and the Experiment Station. Because of this extraordinary interest manifested in buying farms in western Oregon, this bulletin has been prepared to point out certain fundamental principles bearing directly on success in farming in this area.

Western Oregon has many attractive features for the prospective farm owner, favored as it is by a wide range of soil types and topography, and by a climate suitable to the production of an unusually large number of crops and livestock products. This very diversity, however, makes important the care in selection of a farm and the consideration of other factors recommended in this bulletin.

While it is not expected that this brief discussion will answer all the questions that may be raised in connection with purchasing a farm, it is hoped that it will suggest the basis for further and profitable inquiry on the part of prospective purchasers. Any county agent will be glad to answer more detailed questions as to soil types and farming practices in his particular county.

WM. A. SCHOENFELD
Dean and Director

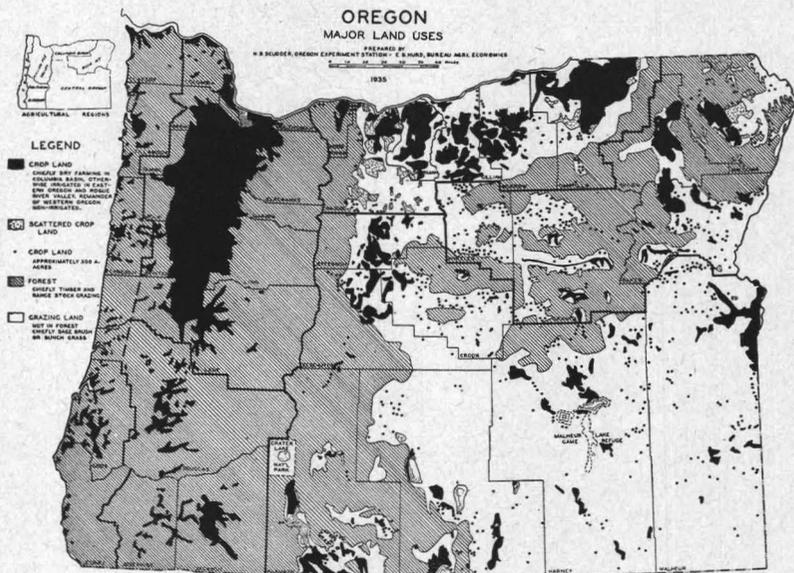
Buying a Farm in Western Oregon

By E. L. POTTER*

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INTRODUCTION

WESTERN Oregon has a great variety of farms because of its wide range of soil and topographic conditions. All these farms cannot be included in any single classification such as satisfactory, impossible, or fairly good. In normal times, many of these farms have been successful. On the other hand, some of them cannot possibly be operated profitably under normal conditions because of limi-



This map of Oregon's major land uses emphasizes the necessity of personal investigation of any tract of land before purchase, as excellent farm land may be directly adjacent to timber or even waste land.

tations of soil quality, location, or size. The first step toward success is to make sure the farm one is planning to purchase has the proper combination of soil and number of acres of crop land to

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Full employment for family needed

Since the family expects to be fully employed on the family farm, the farm must furnish the necessary income. In ordinary times, if the members of the family are fully employed and if they use proper methods and modern machinery, the farm should furnish an adequate living. If it does not, that type of farming should be abandoned and the sooner the better. The farm that does not furnish full employment cannot be expected to afford a full living. Instances to the contrary are very rare.

It is obvious that every farm cannot quite conform to this ideal of the family farm. Families are not all alike in number. The amount of labor in any one family changes from time to time. It is one thing in the case of a young couple with several small children, and another where there are a number of husky boys of working age, and still another when all the children have left home and there is no one remaining except the parents who may no longer be capable of heavy labor.

Neighbor boys employed

If the community is largely composed of farms of the family-farm type, however, the older man who is alone may employ some of the neighbor boys. If the majority of farms in the community are less than family size, there will be chronic unemployment as far as these farms are concerned. If the farms are all much larger than family size, a large number of men must spend their lives as farm laborers if they remain in that community.



The rural home is not measured entirely by farm land and buildings.

A farm cannot be considered a family farm if it does not require the labor of at least one man the year around, and it might well require the continuous labor of two or three men. If it required the labor of ten or twenty men, it could hardly be considered of the family-farm type. The typical family farm is, therefore, one that affords full-time employment for the workers of the average family, that is from one to three men. It is the minimum operation from which one may expect to receive returns that will provide a satisfactory living for a family.

THE RURAL HOME

Acreage for home but not livelihood

The rural home may be defined as a house and sufficient land to produce a substantial amount of garden, poultry, and dairy products needed by the family. The farm work must be done by the owner during evenings and holidays, and by the housewife and the children. Little cash income can be expected since the owner devotes his time largely to other employment.

The acreage that can be profitably used as a rural home is very small.

Soil and location important

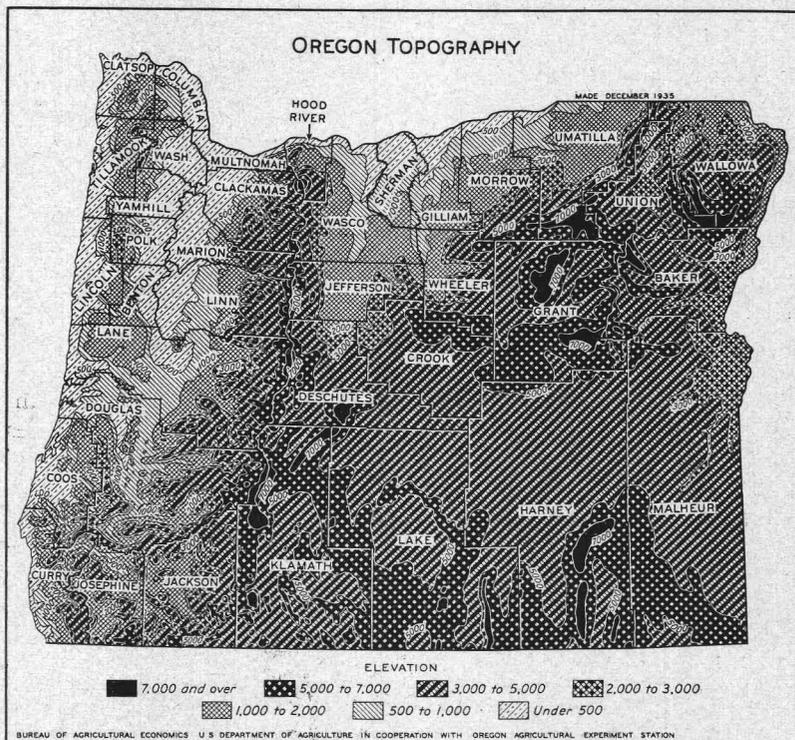
The type of land suitable for a rural home depends on whether the buyer is more interested in the productivity of the land or in the scenic attractiveness of the location. For garden, berries, and similar intensive crops such as one usually prefers around a rural home, the river bottom soils are by far the best. On the other hand, hill-tops and attractive growths of trees often contribute to more scenic locations so that the buyer of a rural home sometimes sacrifices productive soil for appealing scenery. Such sacrifices, however, may not be necessary. Western Oregon offers such a wide variety of rural home sites that if the prospective buyer is willing to devote a reasonable length of time and study to his search, it may be possible to find a site that combines desirable soil and attractive surroundings, together with neighboring school and churches, good roads, electric service, and other conveniences that may affect the happiness and contentment of the family.

THE PART-TIME FARM

Less than a man's full labor

The part-time farm is one that, as the term indicates, requires only part of the time of one man for its operation. It requires more

than evenings and holidays, but not the full time of one man. Such farms have their place, but their usefulness is rather limited and is often exaggerated in the planning by those not experienced in Oregon agriculture. Part-time work on the farm requires that the remainder of the owner's time be devoted to work off the farm, unless the owner deliberately plans to be productively occupied only a part of the time, whether because of health, age, fixed income from off-farm sources, or personal preference.



Oregon's farm land is never far from rough mountains and forests.

Other work or income essential

A part-time farm should not be expected to provide a full-time living. The owner, therefore, must have either work off his farm, or income that is independent of his labor, such as income from investments or pensions.

Western Oregon has many locations that are ideal for the man who expects to work on the land only a part of the time. Too often,

however, these part-time farms are expected to furnish the entire living for a family. In other cases, part-time farms are acquired by people who plan to devote full time to some nonfarm employment and thus find themselves with more farm work than they can do.

Another common mistake is to acquire a part-time farm believing it will afford an emergency living in times of depression and low industrial employment. In such times farm prices are usually more depressed than other prices and the part-time farm that was planned as a refuge actually may be a liability, especially if it is not paid for.

THE LARGE-SCALE TYPE FARM

The large-scale type farm is one that must be operated with a large number of hired men under the supervision of a manager or foreman. Such farms are not numerous in western Oregon.

SOME SAMPLE FARMS

To the prospective investor, the discussion of the size of a farm up to this point may appear decidedly theoretical. He is anxious to make plans in terms of acres and money. An answer is found in the results of a study made by the Oregon State College Department of Farm Management in the Willamette Valley in 1938. A substantial number of farms of different types were studied. Table 1 gives the number of acres of the various types of crops, number of animal units, man labor required, and total investment in land, buildings, livestock, and equipment as estimated by the owners in 1938.



Berry farmers in Oregon depend on outside help at harvest time.

Table 1. TYPICAL WILLAMETTE VALLEY FARMS
From Willamette Valley Farm Organization and Valuation Study—1938

Use of acreage	Average of 33 orchards	Average of 40 berry and truck farms	Average of 71 dairy farms	Average of 34 poultry farms	Average of 25 general crop farms	Average of 56 general livestock farms	Average of 53 general purpose farms	Average of 16 part-time farms
	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>
Grain	14.0	7.5	19.0	18.4	69.0	24.2	48.7	8.7
Hay	11.4	9.2	23.9	15.6	29.8	19.3	21.8	7.0
Small seeds	4.2	2.2	6.5	15.4	65.1	7.7	30.9	3.9
Vegetables	3.1	11.5	1.1	2.1	2.1	0.6	1.4	0.5
Berries	1.0	8.0	0.3	0.6	0.6	0.8	1.3	0.6
Orchards	39.8	6.5	2.2	1.2	7.8	1.8	3.2	5.1
Garden	0.5	0.7	0.9	0.9	0.5	0.8	0.8	0.5
Miscellaneous crops	1.4	1.7	4.3	1.9	6.7	2.9	5.4	1.4
Total in crops	75.4	47.3	58.2	56.1	181.6	58.1	113.5	27.6
Idle or fallow .....	.9	3.7	5.0	5.4	1.4	3.4	9.4	1.2
Pasture	10.6	3.3	15.2	10.4	12.3	46.0	28.6	13.3
Woods	13.5	27.7	34.5	26.1	14.4	81.4	25.2	73.5
Farmstead, roads, etc.	4.0	5.4	5.5	6.2	5.0	4.2	6.4	2.4
Total noncrop	29.0	40.1	60.2	48.1	33.1	135.0	69.6	90.4
Total all acreage	104.3	87.5	118.4	104.2	214.9	193.1	183.1	118.0
Animal units* per farm	6.9	7.2	21.9	18.1	8.4	22.4	18.3	5.9
Total investment	\$20,291	\$12,962	\$13,931	\$11,409	\$19,492	\$10,762	\$18,125	\$5,956
Man days of labor needed per year	563†	666†	393	510	480	312	472	188

* One cow, or one horse, or their equivalent in younger animals or poultry.

† Includes time required for picking, which in the case of orchard crops requires from 30 to 60 per cent, and in the case of berry and truck crops from 60 to 75 per cent, of the total labor requirements on these specific crops.

Most farms family type

It will be noted that these farms were, on the average, of the family type but of small size, with the labor requirements ranging from 312 to 666 man days work per farm except for the part-time farms for which the labor requirement averaged only 188 man days per farm.

The average total investment as estimated by the owners in 1938 for family type farms ranged from \$10,000 in case of poultry farms to about \$20,000 in the case of the orchard farms.

The total investment as reported includes everything, divided as follows: land, 65 per cent; buildings, 20 per cent; livestock, 6 per cent; machinery, equipment, and miscellaneous, 9 per cent.

Land prices higher in 1944

Present market prices of land are much higher than in 1938. The Bureau of Agricultural Economics index of land prices for Oregon was 43 per cent higher in March 1944 than in 1938. Land prices have been rising rapidly since March and for June 1944 may be considered 50 per cent higher than in 1938.

The table gives the average amount of work necessary to operate these farms. The question naturally arises whether these farms would not have been more profitable if they had contained fewer acres and more labor had been expended on each acre. Comparing the successful farms with the average, the answer is usually "no."

Efficiency rather than amount of labor important

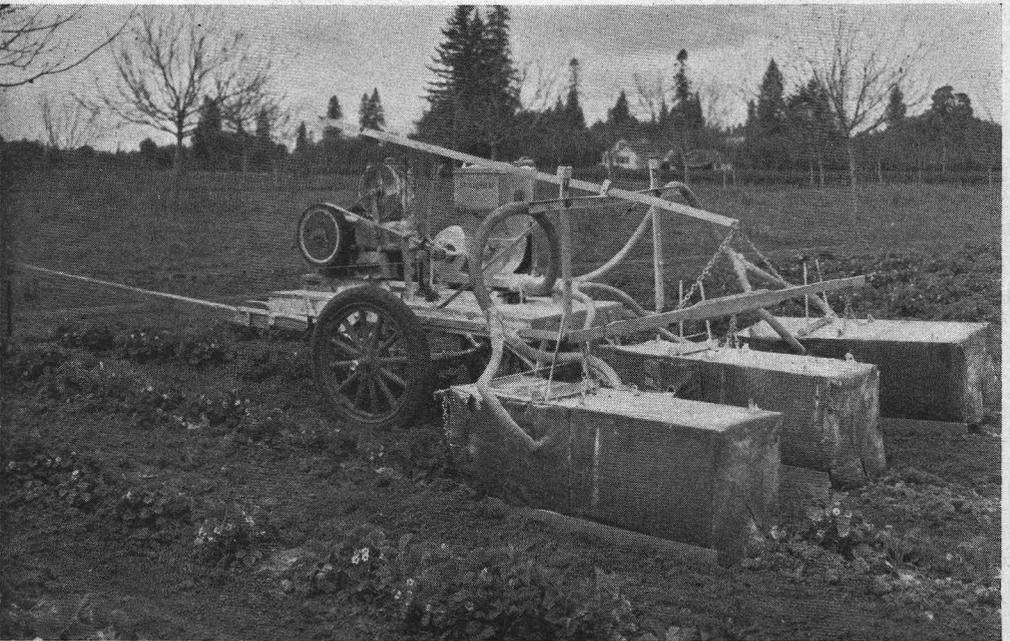
Maximum yields are obtained by doing the work in the right way and at the right time rather than by merely doing more work. In fact, the amount of labor that can be profitably applied to a given acre of crops is sharply limited. Lands of different kinds each require certain tillage, done in the correct way and at the right time. More tillage reduces yields and promotes erosion. Livestock requires certain feed and care, but also requires as much quiet as possible. Handling must be reduced to the minimum consistent with proper feed and care. The amount of labor necessary to operate a farm properly is therefore fixed by the kinds of crops, the number of acres of each crop, and the numbers and kinds of livestock.

Farm management studies in western Oregon show that the more successful farmers not only obtain higher yields per acre and per animal, but they care for more acres and more livestock than the average farmer. On the other hand, a high percentage of the less successful farmers are trying to farm with less than an average amount of land and livestock.

Tractor selection considered

Modern tractors and tractor equipment have made it possible to do twice as much work in an hour as can be done with two- or three-horse teams (Agricultural Statistics, 1943, U. S. Department of Agriculture). In case of tractors under 20 horsepower, the hourly cost of operating the tractor is less than the wages of the driver (Oregon Agricultural Experiment Station Bulletin 409). The major expense is the cost of the driver rather than the cost of the tractor. Tractors also handle heavier machinery than can be handled with two or three horses. This heavier machinery does better work especially in hard ground.

Modern tractors and tractor equipment have therefore made it possible to do better farming and at the same time farm more acres. The cost of owning and operating a tractor is usually as great or greater than the cost of owning and operating a team, so if no more work is done, the investment is not profitable.



certain crops require special equipment, cost of which needs to be figured in total investment. This is a strawberry duster.

Adequate land vital

Farming requires much hard work at best and no ambitious man can afford to devote his time to it without adequate land, livestock, and machinery. Unfortunately, there are many farmers in western Oregon working with inadequate land, livestock, and machinery. The most common deficiency is lack of land. Without enough land, they "cannot afford" adequate machinery, and they cannot produce sufficient feed for the livestock they need. They put in their time, laboriously enough, but ineffectively, and the incomes that result are so small that the farmers never are able to improve their position.

The acreage of land and the number of livestock that the farmer can safely plan on handling with his own labor and that of his family depend to a large degree on distribution of work through the year. For example, two-thirds of the work of berry growing is picking that is usually done within one or two months. It is, therefore, usually not practicable to plan a berry farm on the assumption that the family will do all of the picking. To do so obviously would leave the family idle much of the year. The practical unit in such a case is one on which the family can work fairly regularly through the year and depend on hired labor for picking.

Distribution of labor

Work on a dairy farm, on the other hand, is more evenly distributed through the year so that it is entirely practicable for the



Dairying provides year around labor for the farm family.

farmer and his family to plan on doing most of the work with only a limited amount of hired labor. Most western Oregon farms are not devoted to one item of production but include a number of enterprises. The best distribution of labor is found where the combination of enterprises has been planned with this labor requirement in view.

It is unusual to find a farm on which the family can keep busy through the year and not require any supplemental labor at all. The most successful farms are those that keep the family labor effectively employed through the year and depend upon hired labor for emergencies and peak loads.

Labor requirements vary

Table 1 shows labor requirements for average farms of various types, but the prospective purchaser may wish to estimate the labor requirements of some particular farm that is unlike any of the examples shown. The Department of Farm Management has worked out approximate amounts of labor needed to produce an acre of various crops and to take care of one each of various kinds of livestock. Table 2 shows these labor requirements for a number of the more common crops and kinds of livestock. The figures are averages and should be so accepted.

LAND ADAPTABILITY

Since soil is a fundamental factor in successful farming, it is especially important in selecting a farm that the soil be examined carefully. Soils vary not only in fertility, but in their adaptation to different types of crops. The productive capacity of the soil, that is the crop yield, is determined by the depth of soil and the nature of the subsoil, texture (sandy, loamy, clay), drainage, supply and type of organic matter, fertility or supply of available plant food, and soil reaction (acidity). When one examines a farm and is considering its purchase, these soil factors should be given special consideration.

Good soil cheapest in long run

The success of a farm enterprise is attained more frequently and to a greater degree with good soils than with inferior or run-down soils. The initial cost of the former is greater but the returns in crop yields are higher with the cost of production per unit less. The building up of a "rundown" soil takes a long time and much work and capital. Hence, it is usually better to start out with a good soil than to build up one that has been run down.

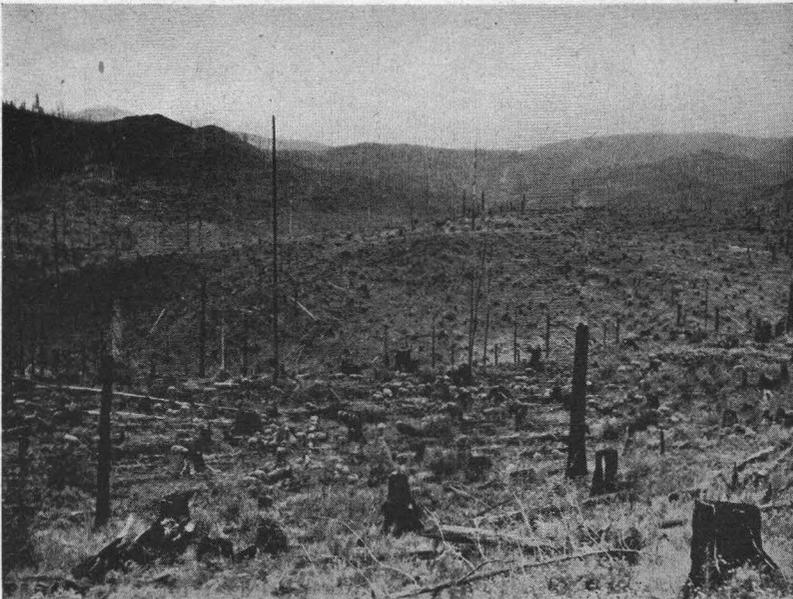
MARKET OUTLETS

The older staple products such as livestock and grain have some sort of market everywhere in the state. In the case of many specialties, however, the farmer must know just where and in what volume they can be sold. Many fruits and vegetables grown for canning or drying are produced under contract with the canner or drier. Such crops should never be planted without a definite arrangement for marketing. Here again, the county agent can usually aid the prospective buyer by giving information on market outlets in his county.

LOGGED-OFF LAND

Plentiful and cheap

Thousands of acres of logged-off land in Oregon may be bought for only a few dollars an acre. In some of these areas, the soil may be fairly good, but in all cases the labor required for clearing is large. Any of this land can be cleared, but it is practically impossible for a man to make reasonable wages doing the clearing. It is never "easy to clear."



Logged-off lands are usable for stock when seeded, but are usually too expensive to clear.

Clearing land costly

Logged-off land can be cleared rather rapidly by the use of blasting powder and high-powered machinery, but the cost of such clearing usually has been greater than the market price of the land. On the other hand, the buyer often plans to do the clearing himself at odd times with a minimum of cash expenditure for powder and machinery. To clear a farm large enough to support a family by this method is almost a life-time job, and the family must be supported meantime.

There are many families living on these logged-off lands but the greater number of them make their living in the sawmills and logging camps and seldom clear more than a small patch of land. Even though containing quite a number of acres, such places are only a rural residence or, at most, part-time farms.

IS RENTING PRACTICABLE?

The man who wishes to farm but does not have sufficient money to buy a farm, has the alternative of renting. There has been a great deal of propaganda against tenancy. It offers the best opportunity, nevertheless, for the man who does not have adequate funds to buy a farm.

Renting less hazardous

Farm management studies indicate that the renter commonly makes a better return on his investment than the man who buys a farm that is too small or who goes in debt too deeply. Renting also affords an opportunity to acquire experience and to learn about the region without too much financial risk.

Limited capital available for equipment

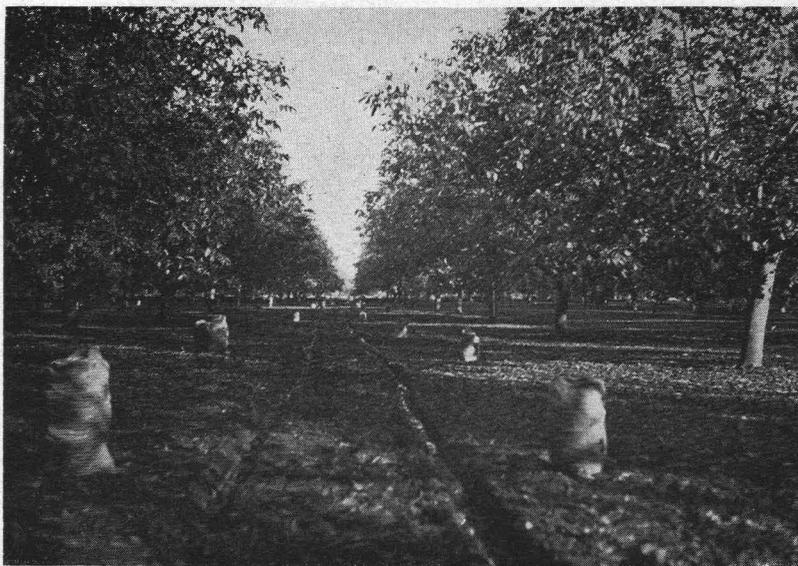
The man with farm experience but limited capital will usually find it advisable to invest his funds in livestock and equipment and rent a really good farm.

DEBT LOAD

In normal times, a debt load of 50 per cent of a fairly appraised value is considered reasonably safe. Present times are not normal, and a debt load of 50 per cent of what might be considered as a fair appraisal under the present market conditions now appears hazardous. In fact, well-informed opinion is that it is decidedly dangerous.

Reasons for high land prices

Land prices in 1944 are abnormally high for several reasons. First, the demand for agricultural products has been greatly increased by the war, and prices are high even with ceiling prices established for many products. Second, there is a great deal of surplus money for investment purposes. Third, when the war is over, the demand for agricultural products must go back to some point near the prewar level when agricultural prices were much lower than at present.



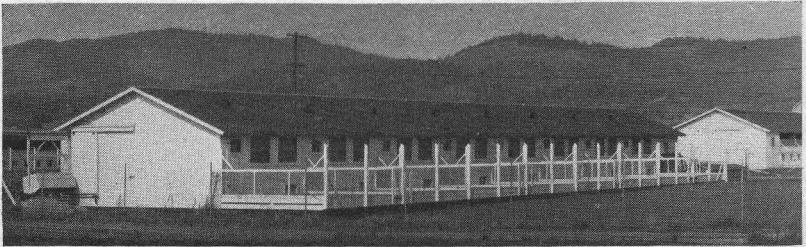
Walnut orchards require 10 years or more to come into commercial bearing.

Buildings, fencing, and machinery are deteriorating and will continue to deteriorate throughout the war. Substantial sums of money will be required to rehabilitate most farms after the war.

Postwar returns uncertain

Postwar adjustments in agriculture will be severe and agricultural competition intense. Even if inflation continues, and there is a still higher general price level after the war, the prices of things the farmer buys would rise faster than the prices of the agricultural products that he would sell if past experience may be considered a

guide, thus leaving a smaller net return from which to pay interest or installments on debts. Great conservatism in the matter of debts under present conditions is imperative to avoid almost certain future losses.



Successful poultry production in Oregon requires modern facilities.

Oregon farms have good future

On the other hand, the man who has a good farm with little or no debt should have no great difficulty in making whatever postwar adjustments may be necessary. Oregon agriculture will not cease operation after the war, but there are inevitable adjustments that will not be easy. One of these adjustments will be to "squeeze some of the water out" of what appears to be inflated land prices in the light of past experiences. That will not be financially dangerous to the man who is not in debt, but the man with a large mortgage may lose his farm.

Conservative debts recommended

The older and more experienced credit agencies, such as commercial banks, land banks, and insurance companies, are now quite careful about the size of the farm loans they are making, but many individual lenders apparently are releasing all brakes. The really heavy mortgages are those made by the seller of the land, especially when he is receiving what he considers a high price. The seller is fully aware that the interest on the mortgage will be more than he has been making from the farm, but if he should have to foreclose and take the farm back, he will still have as a net profit the down payment that the buyer made. The buyer is assuming all of the risk and the seller none.

If a man really wants a farm and has the money, and purchases a good farm, no serious harm is done if the price is high; at least the buyer can not lose all his savings. If it is a good farm, it should

always earn more than operating expenses. But to take on a heavy mortgage with the assumption that farm earning power always will be as high as at present indicates unsound judgment, or a speculative attitude that may be disastrous.

Table 2. ESTIMATED AVERAGE DAYS OF MAN LABOR REQUIRED ANNUALLY BY WILLAMETTE VALLEY FARM ENTERPRISES

Item	Days of man labor per head or per acre per year
<i>Livestock</i>	
Dairy cows	14.7
Dairy sires	7.5
Heifers	1.3
Calves	2.3
Brood sows (and litters to weaning)	3.0
Fat hogs (weaning to market) .....	.5
Sheep .....	.5
Lambs .....	.2
Goats .....	.3
Hens .....	.3
Breeding turkeys .....	.4
Turkeys raised .....	.3
Colts and unbroken horses	2.0
Bees, per colony .....	.5
Beef cattle	3.0
<i>Field Crops</i>	
Clover hay	1.0
Alfalfa hay	2.3
Vetch hay	1.4
Corn silage	3.7
Vetch silage	2.4
Kale	8.8
Mangels	15.0
Small grains (wheat) .....	.6
Corn grain	2.2
Clover seed	1.0
Hairy vetch seed .....	.9
Common vetch seed .....	.7
Austrian winter field peas .....	.8
Ryegrass seed	1.0
Flax seed	2.0
Potatoes	6.0
Hops, bearing	42.5
Hops, established (first year)	21.7
Fiber flax	3.1
Ladino clover, establishing	2.0
Ladino clover, irrigated	1.2
<i>Truck crops</i>	
Cannery tomatoes	19.1
Pole snap beans	71.5
<i>Orchard crops</i>	
Prunes, dried	11.5
Cherries	25.3
Peaches	9.4
Walnuts	6.0
Filberts	7.2
<i>Small fruits</i>	
Strawberries	61.6
Cane fruits	50.0

* Estimates prepared by Department of Farm Management, Oregon Agricultural Experiment Station, 1944. These data are based upon reports of Willamette Valley farmers as to the average amount of time devoted to each of these various enterprises regardless of whether it was family labor or hired labor. A 10-hour day has been assumed.

Debt above 25 per cent dangerous

In normal times, it has been considered reasonably safe to go in debt to the extent of 50 per cent of the purchase price of the farm if the farm is a good one and priced right. At the present time, land prices are so high and the postwar outlook is so uncertain that debts in excess of 25 per cent of the purchase price must be considered dangerous. Of course, the safest way to buy land at these high prices is to pay cash, thereby carrying no debt at all. The man who pays cash for a good farm always will have a good farm if it is well-managed regardless of what it may be worth in dollars. The man who goes in debt too deeply may lose the farm and all that he has invested in it. This has happened many times before and it can happen again.

REFERENCES

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