

These economies indicate that wheat farms in the Nebraska Panhandle must have at least 250 acres of wheat in order to reach competitive cost efficiencies in production. However, beyond 300 acres little cost efficiency advantage can be gained by increasing the size of the wheat enterprise. Beyond 300 acres of wheat production per farm, income levels can be increased by increasing the volume of business but not from per bushel cost of production advantages. The size economies determined for Panhandle wheat production resulted mainly from the efficient use of machines and the operators' labor.

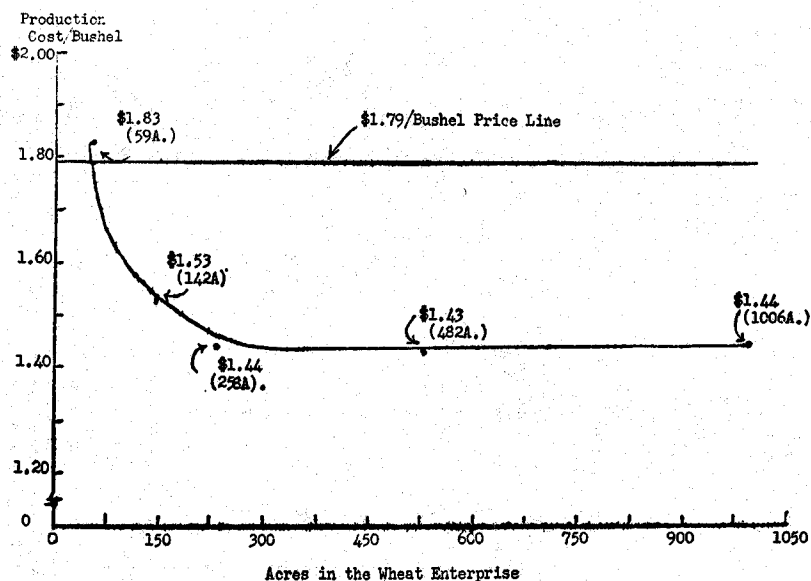


Figure 2. Planning curve showing size economies in wheat production, Nebraska Panhandle

NEBRASKA—PROPORTION OF TOTAL AGRICULTURAL PRODUCTION COMING FROM FARMS OF VARIOUS SIZES AS MEASURED BY VOLUME OF PRODUCTION FOR SALE PER FARM IN 1964¹

Economic class of farm	Number of farms	Percent of all farms	Cumulative percent of all farms	Value of products sold (millions)	Average value of products sold per farm	Percent of total value	Cumulative percent of total value
Commercial farms, gross sales of:							
Class I: \$40,000 and over	4,904	6.1	19.5	\$539	\$110,019	40.5	62.4
Class II: \$20,000 to \$39,999	10,768	13.4	45.7	291	27,108	21.9	84.6
Class III: \$10,000 to \$19,999	20,993	26.2	70.9	296	14,121	22.2	95.7
Class IV: \$5,000 to \$9,999	20,130	25.2	85.0	148	7,362	11.1	99.2
Class V: \$2,500 to \$4,999	11,322	14.1	89.0	42	3,741	3.2	99.2
Class VI: \$50 to \$2,499	3,229	4.0	89.0	4	1,437	.3	99.2
Total, commercial farms	71,344	89.0	89.0	1,323	18,544	99.2	99.2
Other farms:							
Part time ²	4,076	5.1	94.1	4	1,081	.3	99.5
Part retirement ³	4,724	5.85	99.95	5	1,104	.4	99.9
Abnormal ⁴	19	.05	100.00	1	92,668	.1	100.0
Total, other farms	8,819	10.1	100.00	10	1,280	.8	100.0
Total, all farms	80,163	100.00	100.00	1,333	16,646	100.0	100.0

¹ All figures are estimates based upon sampling.

² With the operator under 65 years of age and worked off the farm less than 100 days and farm sales greater than other family income.

³ With the operator under 65 years of age and working off the farm 100 or more days, or other family income exceeding farm sales.

⁴ With the operator 65 years of age or older and sale of farm products \$50 to \$2,499.

⁵ All institutional farms and Indian reservations were classified as "abnormal."