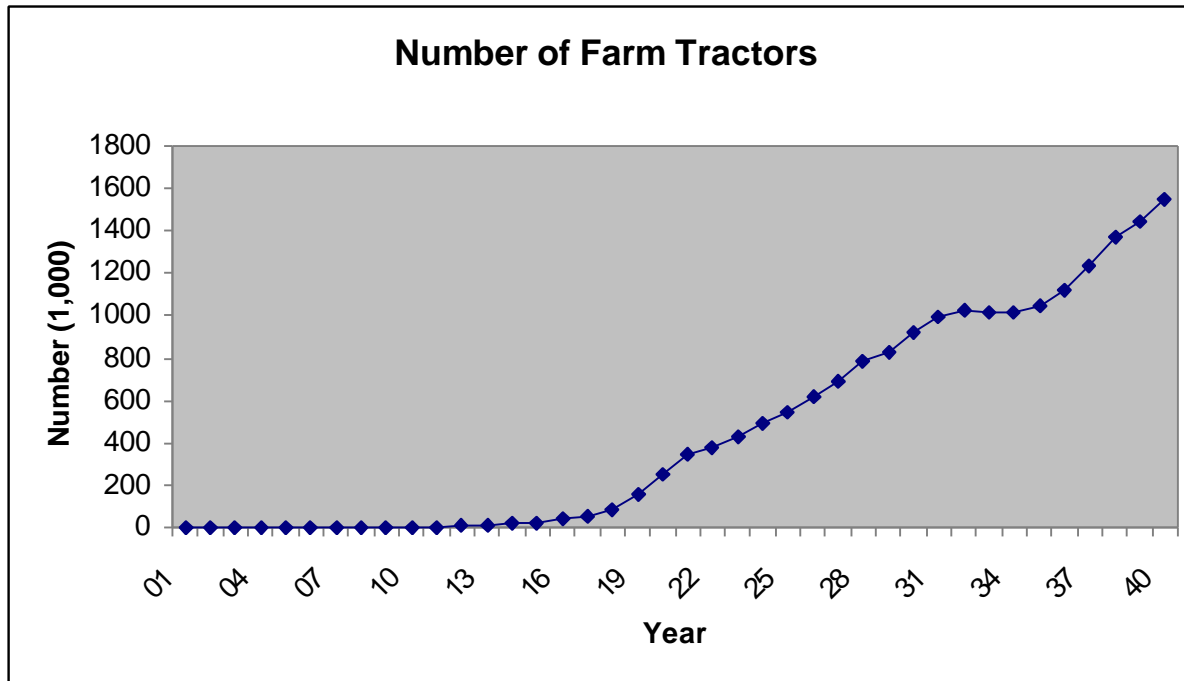


ECONOMIC OVERVIEW

For generations, farm life had been pretty much the same. Work, eat, sleep, and play – in that order! Family, church and school were the primary centers of social life. Family, neighbors, and fraternal and benevolent associations provided some insurance against the uncertainties of life.

During the first half of the 20th century, farm life changed radically. The amount of manual labor necessary to obtain a certain quantity of output decreased substantially. This decrease in labor per unit output can be divided into two factors: improved yields per acre and less manual-labor per acre. The same kind of change occurred inside the home. The amount of manual labor necessary to prepare and cook the food, make and wash the clothes, buy and sell the poultry, produce, butter and eggs also decreased. As a result, rural children for the first time had a choice of staying on the farm or trying new occupations in the towns and cities.

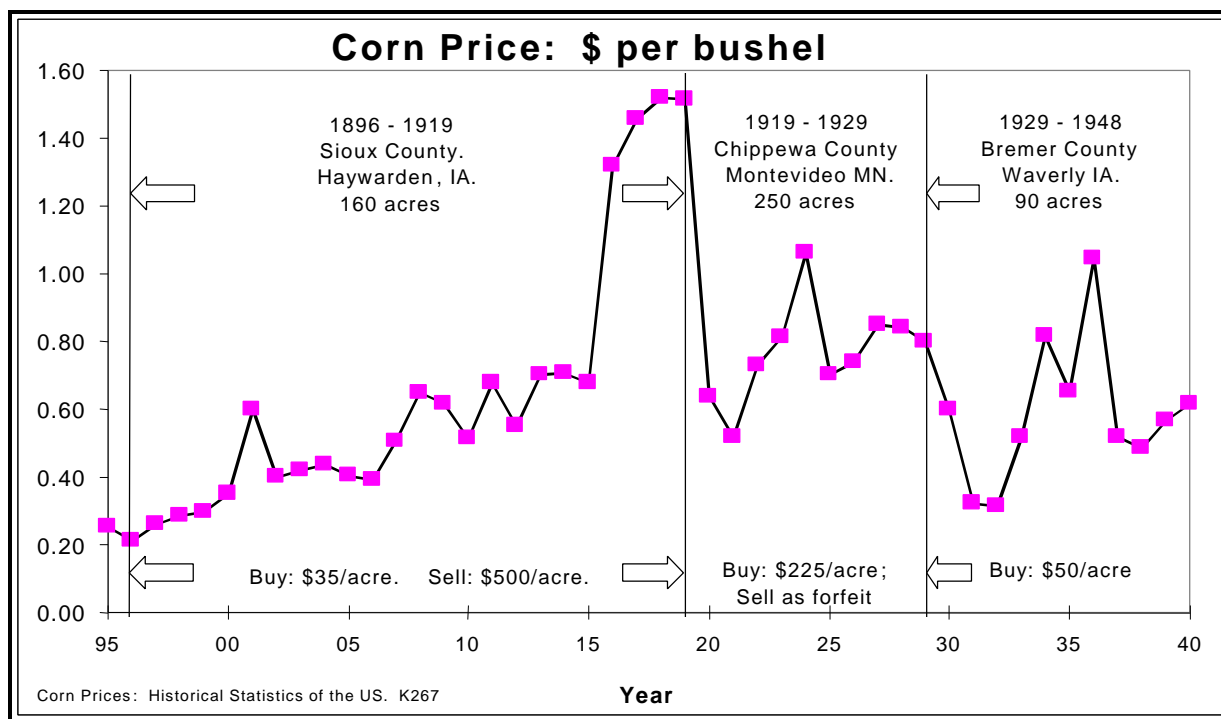
One sign of this change is the rapid increase in the number of farm tractors.



The term “farm tractors” as shown above excludes steam and garden tractors. The decade of the most radical change was from 1915 to 1925 – from horsepower to machine power. The family of Fred and Emma Schield lived on the farm during this agricultural revolution.

In the case of Fred and Emma Schield, land prices also played a significant role in their family history. While yearly valuations of land prices are not available, the price of corn gives a good indication of what values would be associated with land.

The following chart illustrates the per bushel price of corn in dollars. Obviously, WWI marked a totally different era for farmers than anything before or since (for at least the next 20 years).



Fred Schield bought his land at \$35 an acre when corn was around \$0.20 a bushel. He sold that same land for \$500 an acre when corn was around \$1.50 a bushel. The price of corn was about 7 times as great at the peak as when he started, but the price of his land was about 14 times as great at the peak as when he started. Fred had made an excellent choice in the land he had purchased.

But the buyer needed credit to make the purchase. Knowing that the land prices were unusually high, the bank asked Fred to co-sign on the buyer's note. Fred agreed. In retrospect, this choice was a disaster for Fred and Emma. As corn prices dropped, the Sioux County buyer stopped making the payments. The bank foreclosed and then asked Fred and Emma to honor the balance of the loan.

Fred and Emma had to sell their beautiful farm in Montevedio, MN. They moved to Bremer County north of Waverly, Iowa. At age 60, Fred had to start all over as a farmer. Today, this would be a disaster. But then a farmer was doing OK as long as they had land to work, the physical fitness to work, and relatives, neighbors and friends to help in various ways. Fred had all this and thus was able to remain self-sufficient – with some help from his kinfolk, neighbors and friends.

In retrospect, the move to Waverly was the perfect move for two of his children: Vern and Wilbur. Their neighbor owned a lime quarry. Lime was spread on the ground to counteract the high acidity of Iowa soils. By putting lime on a field, a farmer could raise better crops. Vern and Wilbur worked at that quarry. Vern eventually bought the quarry. As the demand for lime increased, Vern could afford to invest in better equipment. Rather than buy, Vern built a "digger" with used parts. Since construction equipment was in short supply in WWII, buyers were ready to buy such primitive equipment.

In retrospect, the move from mineral extraction to equipment manufacturing was the perfect move for Vern and Wilbur. At the time, the risks were substantial. They had no experience in manufacturing, in selling construction equipment or in managing growth. But they played the "cards" they had.