During the 1980's the U.S. farm sector experienced the worst financial stress since the Great Depression of the 1930's. Economists and other observers emphasized that increased numbers of farmers were leaving farming because of bankruptcy, foreclosure, or other involuntary reasons. Their observations were reinforced by media focus on selected individual families leaving agriculture.

One of the critical numbers in measuring conditions in farming is the change in farm numbers (exits balanced against entrants). Farmers, policymakers, and agribusinesses have a broad interest in this bottom line number. Declines in farm numbers are believed to adversely affect the well being of rural economies, and may impact sales strategies of agribusiness firms that market agricultural commodities or supply farm inputs. Farm numbers also have implications for other demographic, socioeconomic, and service characteristics of rural areas.

Total farm numbers declined 296,360 between 1980 and 1990, or 12.1 percent based on data from USDA's National Agricultural Statistics Service. Both the decline in numbers and the rate of decline were less than in the 1970's. In that decade the decline was 368,600 farms or 12.5 percent. Thus, the overall change in farm numbers was not out of line with the past.

A complex set of factors determine the number of farms. The potential decline in farm numbers in the 1980's was mitigated by a number of forces. A number of federal and state programs and policies helped to alleviate farm financial stress. These programs and policies played an important role in assisting the farm sector and its suppliers. It is important to remember that financial stress peaked during the mid-1980s period and conditions generally have improved since even though some farm families have not fully recovered financially.

Definitions Are Important

The official definition of a farm was changed in 1974. Thus, in order to calculate the changes in farm numbers for the 1970's it was necessary to estimate the number of farms that would have been counted in 1980 if the definition has not been changed. To do this it was first noted that the 1974 change in farm definition from a place of less than 10 acres producing $250 worth of agricultural products per year or one 10 or more acres producing $50 worth of farm products each year to a place producing $1,000 worth of agricultural products annually “deleted” 152,110 farms. But some of these 152,110 farms would have also left the sector by 1980. Taking this reality in account by assuming that their rate of exit was equal to the rate for all other farms yielded an adjustment for 1980 equal to 11,064 farms and an estimated 1980 farm number of 2,580,550 based on the 1970 definition. Similar calculations were made to compute the regional percentages shown in the map.