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# WHERE HAVE ALL THE FARMERS GONE?

## Decreased Entry Led to Greater Decline in Farm Numbers during the 1980s

by Fred Gale and David Henderson

> Decline in farm numbers remains the product of long-run trends and fluctuating economic conditions. Our analysis indicates that the effects of the mid-1980s farm crisis may be felt the most through the decreased entry of young farmers that occurred during the period. It will be interesting to see what happened during the ensuing period between the 1987 and 1992 Censuses after the recovery from the farm recession. Will a larger group of new young farmers step in to take the place of those who chose not to enter during the mid-1980s, or will the nation's young people continue to turn away from farming as a career?

The number of American farms has declined since the mid-1930s. However, the decline peaked in the 1950s with about 100,000 farm losses each year, followed by 50,000 per year in the 1960s and early 1970s. That decline, however, slowed considerably during the late 1970s and early 1980s. Then the number of farms declined by an average of only 4,200 per year (Figure 1). Many took comfort in the slower rate of decline. But optimism

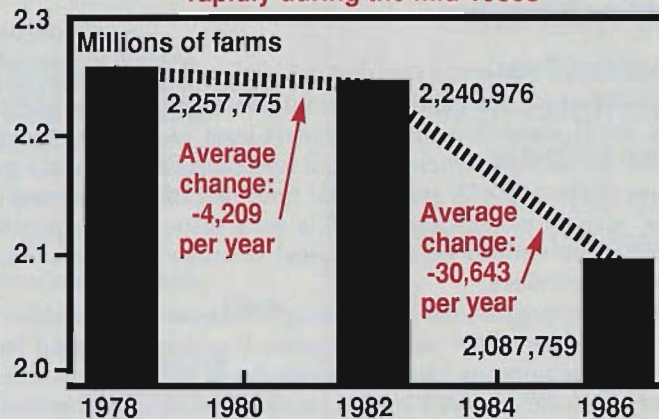
### *Entries to farming may be more sensitive to economic conditions than are exits.*

about stabilization of farm numbers was shattered during the farm crisis years of the mid-1980s. The average yearly decline in farm numbers in those years exceeded 30,000.

What caused this renewed shrinking of farm numbers? Many would quickly conclude that increased exits from farming due to the high degree of financial stress was the explanation. Change in farm numbers, however, is the net effect of two numbers—the number who quit farming and the number who start up operations. Change in farm numbers is not driven exclusively by exits.

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Figure 1. Farm numbers declined more rapidly during the mid-1980s



Entries—the number who start up operations—also play a role.

The number of entries and exits is difficult to measure separately, but an item included in recent Censuses of Agriculture allows us to estimate entries. By using the “years on present farm” reported in the 1982 and 1987 Censuses, we were able to estimate the number of farmers who had entered farming since the previous Census year. Given an estimate of the number of entries and the net change in farms between Censuses, we were then able to estimate the number of farmers who quit farming.

Our estimates show that decreased entry is mainly responsible for the greater decline in farm numbers during the mid-1980s compared with the 1978 to 1982 period (Figure 2). The net decrease of 4,200 per year between 1978 and 1982 represents the difference between 100,796 entries per year (on average) and 104,996 exits. The greater decline of 30,644 farms per year between 1982 and 1987 resulted from entry of 75,373 farms per year (a 25 percent decrease compared with the earlier period) against only a slightly higher number of exits—106,017 farms per year.

The large drop in the number of entries, compared with the

Table 1.

### Decrease in entry per year sharpest for farmers under 35 years of age

Age	Entry of new farms per year		Change (percent)
	1978-82	1982-87	
	(thousands)		
<25	7.9	4.0	-50
25-34	14.2	9.9	-30
35-44	7.9	6.5	-17
45-54	5.2	4.1	-20
55-64	4.3	3.9	-11
65 +	2.2	2.5	13
All	41.7	31.0	-25

For more information: Copies of *Estimating Entry and Exit of U.S. Farms* by Fred Gale and David Henderson, U.S. Department of Agriculture Staff Report AGES 9119 are available without cost by writing: Fred Gale, USDA/ERS/ARED, Room 328, 1301 New York Avenue NW, Washington, DC 20005-4788.



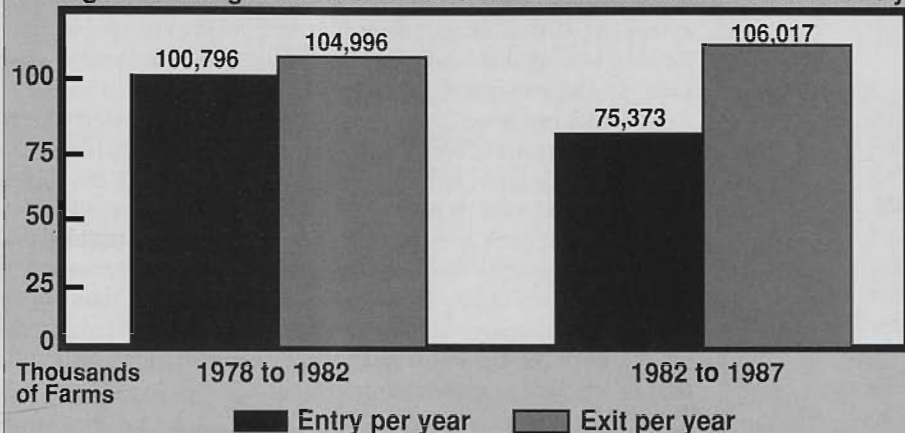
small increase in exits during the farm crisis years of the mid-1980s, suggests that entries to farming may be more sensitive to economic conditions than are exits. We found that the decrease in entry was fairly uniform across regions, commodities, and size of farms. Exits, however, increased in some regions and decreased in others. The number of exits in many parts of the

Midwest and South—where farm numbers declined rapidly between 1978 and 1982—slowed somewhat, while exits increased in the West and Northeast, areas that had fairly stable farm numbers during the 1970s.

The most striking aspect of farm entry has to do with the age of those people entering farming. Usually young people less than

35 years old account for the lion's share of entry (Table 1). Of those whose principal occupation is farming (thus excluding "part-time" farmers) 22,000 of the 40,000+ entrants in an average year between 1978 and 1982 were less than 35 years old. And it was among this group that entry decreased the most. The number decreased to about 14,000 per year during the 1982 to 1987 period—a decrease of about 35 percent. The number of new farmers under 25 years of age decreased by 50 percent; for those 25 to 34, 30 percent. Meanwhile, entry of older farmers was relatively stable, even increasing slightly for those 65 or older.

**Figure 2. The greater decline in farm numbers was due to lower entry**



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