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Farmers Are Part of America

by Judith Z. Kalbacher
and Nora L. Brooks

➤ No question about it, U.S. farmers were for many years disadvantaged relative to the rest of society. But this is no longer the case in terms of average income—for farmers as a whole.

**Farm Households
Now Exceed**

Percent
of U.S.
Average

One statistic used extensively to highlight the farm nonfarm gap in America compares the average income of farmers to the national average income. In the mid 1930s the ratio was just over 50 percent. Farm family incomes were only 53 percent of the average American family income. These were the years when farm commodity prices were extremely depressed. Farm families depended almost completely on farm related income. And the number of U.S. farm families (6.7 million) were one fifth the number of all U.S. families. This large gap existed in spite of the large amount of unemployment in urban communities that depressed the income of nonfarm families.

Changes With WW II

The farm community made significant income gains in the 1940s, as war needs brought increases in commodity prices. By 1950 average farm family income was 70 percent of average U.S. family income. In spite of the gains by farmers they still lagged behind other Americans—by nearly a third. Some commentators suggested that “farmers lived poor, but died rich.” They noted that the wealth (land) of an average farmer was significantly greater than the wealth of a typical person living in cities or, for that matter, nonfarm people living in rural America, but not farming; and, it was. Of course, farm families wanted more income and reached out for farm and nonfarm opportunities to earn income. Some left farming or their children obtained an education and took up other occupations. Others expanded farm enterprises. And they pressed for farm programs that would lead to higher farm product prices and lower costs.

Since 1960

Conditions changed dramatically in the three decades since 1960. In the 1960s increases in off-farm income of farm families combined with increases in their farm related incomes. By the end of the

Judith Z. Kalbacher and Nora L. Brooks are researchers with the Economic Research Service, USDA.

150

125

100

75

50

All U.S. Households

Farm Households

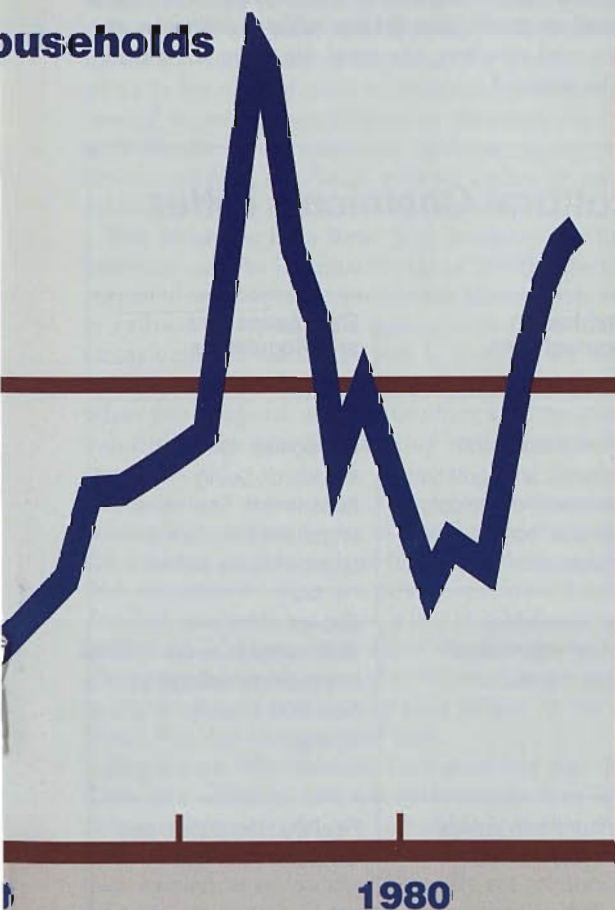
1940

1960

American Mainstream

Household Income vs U.S. Average


Households



decade the gap was practically closed. And then in the 1970s the commodity price boom, associated with large U.S. grain exports and the energy crises, caused farm household incomes to far surpass the average incomes of other Americans. And the wealth of American farmland owners reflected the sharp rise in farm incomes.

The adjustments from the mid 1970s to the farm crisis years of the 1980s led to a reemergence of the gap and the revaluing of farm assets downward. But note that the low point in 1981 of 76 percent was above the percentages of the first years of the 1960s. Farm land prices, while below the highs of the 1970s, remain significantly above the levels of the earlier decades.

Today farm households number only 2.2 million, less than one third of the 6.7 million count of farm families in the mid 1930s. And, in contrast to the 1930s, when practically all income of farm families was farm related, today nearly one-half of the income of farm households is from off-farm activities.

Admittedly, many individual U.S. farm families continue to be disadvantaged as are many nonfarm rural and urban families. But today, incomes of farmers are greater than the incomes of other Americans. The average household 1988 income of U.S. farmers, estimated at \$41,558, is more than one fifth greater than the average income of American households. Preliminary statistics suggest that the ratio may have even increased for 1989. Thus, farm households, in terms of their income, are part of the nation's mainstream. 

Source note: This article uses data from Census Bureau's *Historical Statistics of the United States, Colonial Times to 1970*, *Current Population Reports* series P-60, and from USDA's *Economic Indicators of the Farm Sector* series. Prior to 1966 data are for farm families; after 1966 data are for farm households. Annual data are available only since 1950. The data prior to 1960 from the historical series are not fully comparable with the data for more recent years, but the differences should have little impact on the relative comparisons over time.