Farm programs and rural economies

by Neil Conklin, Mark Calabria, and Terry Barr

Figure 1. Counties with payment-dependent farms are concentrated in the Great Plains and Mississippi Delta
Government payments as a percentage of net cash receipts plus payments, 1992

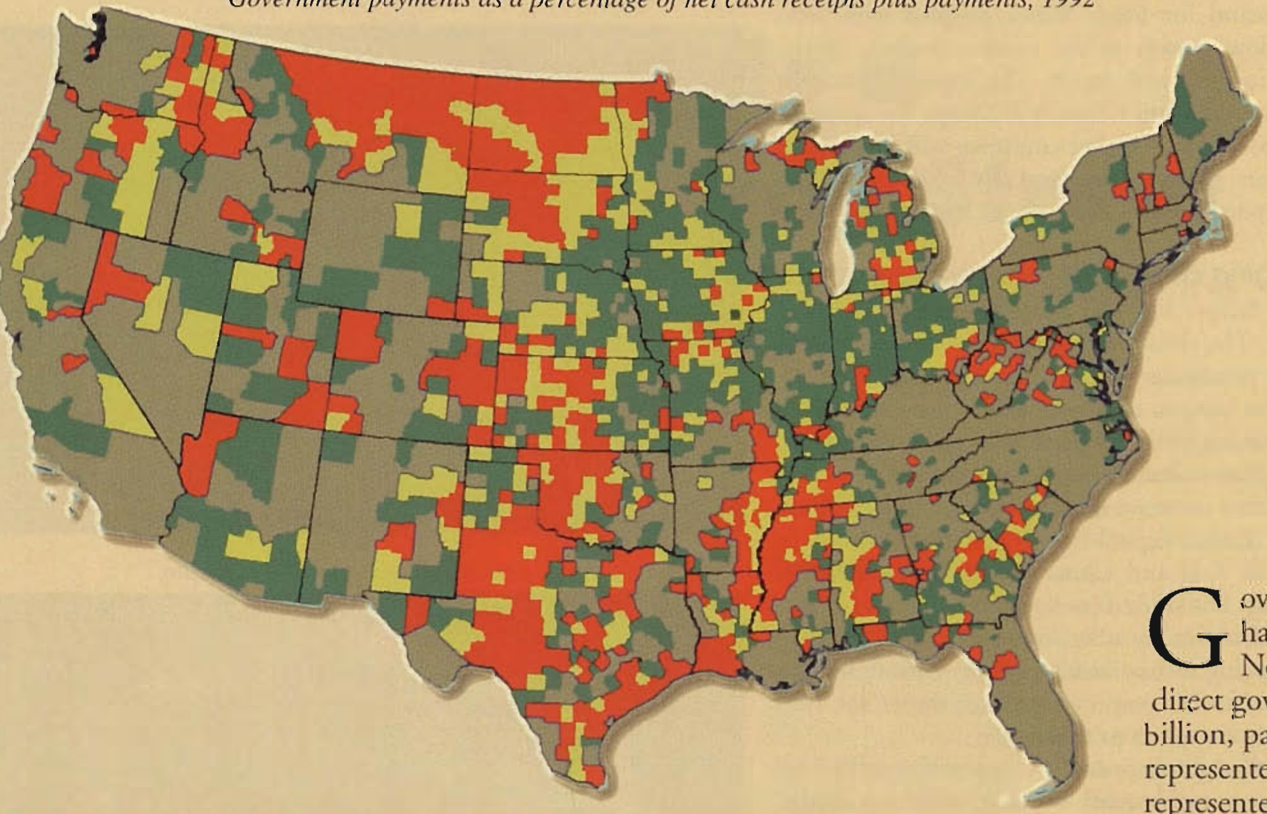
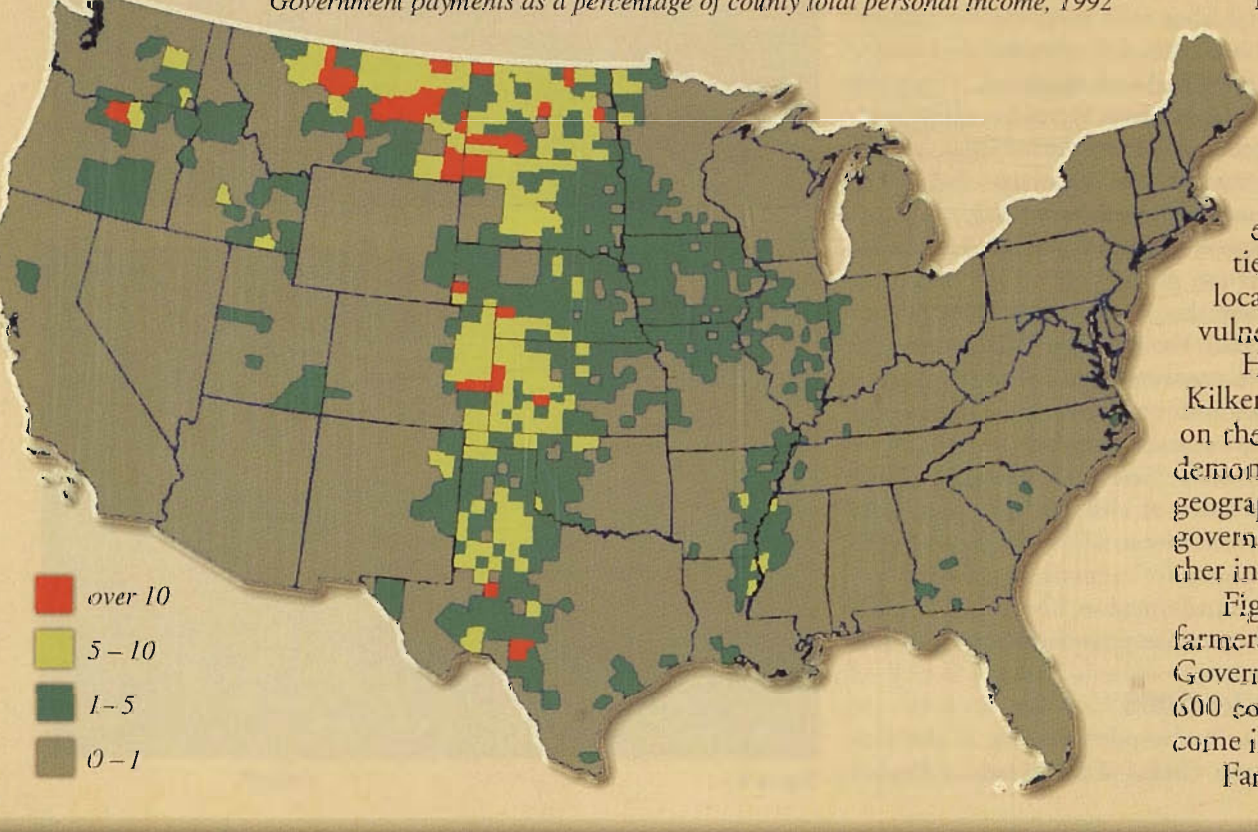


Figure 3. Payment-dependent counties are concentrated in the Great Plains
Government payments as a percentage of county total personal income, 1992



Government support has steadily decline Nowhere is this mc direct government paymen billion, payments to farme represented almost 32 perc represented only 13 percen payments was due to risin percent higher than in 1 past farm programs, wl Federal Agricultural In FAIR decouples dir and gives farmers muc bring the highest retur cline by nearly 30 perce ernment payments will n ties which have historicall locations where soil and cl vulnerable to market price de

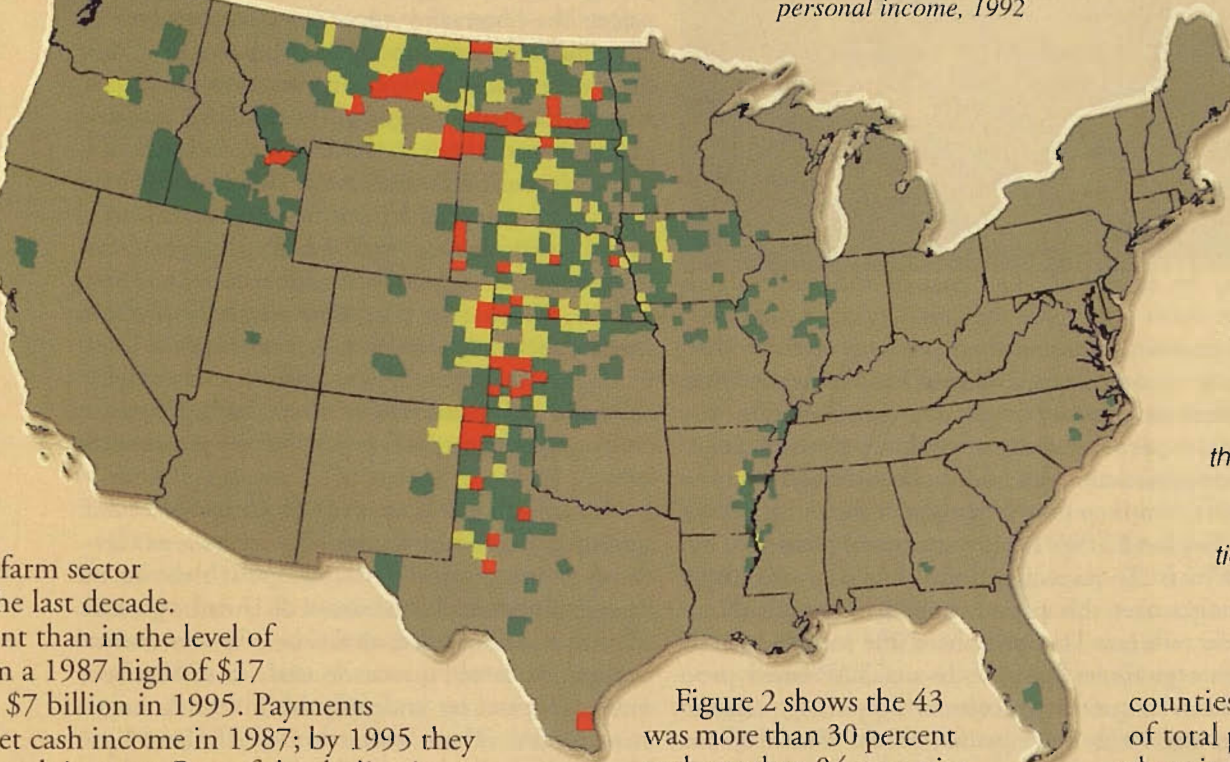
How will fixed and declin Kilkenny's research shows that on the overall rural economy. demonstrated that payments t geography of farm income (ne government payments in count ther insight into this question.

Figure 1 reveals that Great farmers in the Mississippi Delt Government payments made u 600 counties (red) in 1992; th come in an additional 414 cou

Farming-dependent counti

Figure 2. Farm-dependent counties are concentrated in the Great Plains

Net cash returns plus government payments as a percentage of total personal income, 1992



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or the farm sector
over the last decade.
e evident than in the level of
s. From a 1987 high of $17
fell to $7 billion in 1995. Payments
nt of net cash income in 1987; by 1995 they
of net cash income. Part of the decline in
prices; crop prices in 1992 averaged 17
'87. However, the countercyclical nature of
en payments rose as prices fell, ended with the
provement and Reform (FAIR) Act of 1996.
ct payments from commodity price movements
greater flexibility to plant whatever crops will
in the market. These fixed payments will de-
t over the next seven years. Under FAIR, gov-
longer play an income-stabilizing role. Coun-
relied heavily on government payments and
nate offer little choice of crops will be more
lines in the future.

ng payments affect rural economies? Maureen
farm program payments have significant effects
d Judith Sommer and Mindy Petrulis have
armers are geographically concentrated. The
ash receipts plus government payments) and
s throughout the United States offer some fur-

Plains farmers, from Montana to Texas, and
are most dependent on government payments.
more than 30 percent of farm income in some
y accounted for 20 to 30 percent of farm in-
ties (yellow).
es are also concentrated in the Great Plains.

Figure 2 shows the 43 counties where farm income was more than 30 percent of total personal income (red), and another 94 counties where it was more than 20 percent (yellow).

Where are the farming-dependent counties whose farms are highly dependent upon government payments? Figure 3 shows that the counties most at risk are concentrated in the Great Plains. Payments to farmers made up more than 10 percent of the county's total personal income (red) in 27 counties. Nine of these are in Montana and six in North Dakota. The most payment-dependent county in 1992 was McCone County, Montana, where government payments to farmers made up 21 percent of the county's total personal income.

Areas with few alternative uses for their resources and heavy dependence on government payments pose the greatest challenges for local, state, and national policy makers. While many of the farming-dependent counties identified here may prosper without direct government support, some are likely to be more vulnerable to market downturns in the future.

For more information

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