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# Agricultural Letter

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**THE FARM POPULATION** slipped to an estimated 8.9 million people in 1975, reflecting the continued outbound migration of the past 55 years. However, in contrast to the previous two decades the rate of decline in the farm population has slowed appreciably in recent years. Higher incomes for those involved in farming, an increase in the amount of land being farmed, and more limited employment opportunities in other sectors of the economy appear to be the major factors behind the moderation in the number of people migrating from farms.

According to a joint report issued by the U.S. Department of Agriculture and the Bureau of Census, the U.S. farm population declined at an average annual rate of 1.8 percent during the 1970-75 period, the slowest rate of outmigration in any similar five-year period since 1930-35. In contrast, the farm population declined at an average annual rate of 2.8 percent during the 1940s, 3.9 percent during the 1950s, and 4.8 percent in the 1960s. (The farm population consists of all persons living in rural areas or on places of 10 or more acres from which at least \$50 worth of agricultural products were sold the prior year. Those living on less than 10 acres but selling \$250 or more worth of agricultural products are also included.)

According to the report, 4.2 percent of the U.S. population is living on farms—about one out of every 24 persons residing in the United States. The figure reflects the steady erosion in the farm population that has occurred since the early part of this century when people classified as living on farms accounted for one out of every three U.S. residents. Less than 20 years ago one out of every 10 people were classified as living on farms.

A marked increase in net farm income is probably the most important factor affecting the farm-to-urban migratory rate. Realized net farm income—net income before adjustments for the value of inventory held by farmers—more than doubled between 1970 and 1973. Average realized net income per farm rose 76 percent to over \$7,300 from the 1965-70 period to 1970-75. The increase in farm income was a result of both higher prices for farm commodities and an increase in production. In order to increase crop production farmers expanded the amount of land under cultivation; after reaching a peak around 1950, the amount of land devoted to the principal crops declined fairly steadily until the late 1960s. However, the trend was reversed in the 1970s. From 1969—approximately the low point—to 1975 harvested acreage of principal crops rose 16 percent within the United States.

Another factor affecting the decline in outmigration from farm to urban areas is the unavailability of alternative employment opportunities as reflected by the unemployment rate. During the latter one-half of the 1960s the nation's unemployment rate held slightly below the 4 percent level. During the 1970s the rate of unemployment increased gradually until it topped 8 percent in 1975. Despite the fact that the number of people employed in agriculture declined slightly in the first half of the 1970s, the unemployment rate among individuals within the farm population was only 2 percent in 1970 and 3 percent in 1975. It appears that the rate of outmigration was almost sufficient to offset the decline in employment. Furthermore, the comparative rates of unemployment between the farm sector and nation suggest a somewhat less competitive situation with respect to farm sector jobs than for jobs in the nation as a whole.

A large proportion of the farm population also derives income from off-farm employment. Slightly more than one-half of the farm population—52 percent in 1975—is engaged in the production of agricultural products. The income derived from the non-agricultural sector was actually greater than that received by those engaged in farming from 1967 through 1972. The surge in farm income during 1973 again made income from the farm sector the largest source of returns. During 1975 income derived by the farm population from both farm and nonfarm sources was about evenly split and if recent trends prevail, income from nonagricultural business will likely exceed that from farming in 1976 and in future years.

During the latter half of the 1970s the rate of outmigration from the farm population will most likely continue at about the same level experienced in the past five years. Farm income may not reach the record level of 1973 but should average out at a rate equivalent to, perhaps slightly higher than, the previous five-year average. Furthermore, the increasing proportion of income derived from non-agricultural sources will tend to moderate the effect of swings in farm income and will provide an incentive to stay in rural areas.

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