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LOW INCOME FARMS, following a year or more of study by the Secretary of Agriculture and his staff, were the subject of a Presidential message recently transmitted to Congress. Assistance to agriculture in the form of price supports, credit and research has benefited primarily the larger farms. Mainly for these reasons low income farms have been tabbed for separate consideration in farm policy discussions. The scope of the problem is indicated by Census data.

Of the 5.4 million farms enumerated by the 1950 Census, 1.7 were designated as part-time and residential and 3.7 million as commercial farms (those on which the principal source of income is from the sale of farm products). Of the total number of commercial farms, over 40 per cent sold less than $2,500 of farm products in 1949--the most recent year for which data are available and, incidentally, a year in which prices of farm commodities were about equal to those of 1954. While these low production farms employed about 30 per cent of the man power used in agriculture, they produced only about 10 per cent of the nation's farm products.

The distribution of commercial farms by size and the proportion of farm land and labor employed and commodities produced by these farms in 1949 were as follows:

	Number of commercial farms	Acres of land	Number of workers	Value of farm products sold
	(per cent)			
Large farms. . .	3	24	13	27
Medium-large (family-size) farms.	53	59	56	63
Small farms . . .	44	17	31	10

The large number of small, low income farms is the major factor causing per capita farm income to average only half as large as that of the nonfarm population.

Low production farms are most numerous in thickly populated rural areas where technological changes in farming come about slowly and opportunities for nonfarm employment are limited. The greatest concentration of low income farms is found in the Southeast and Delta cotton areas, in the general farming areas of the Appalachian Mountains and to a lesser extent in the cutover areas of Michigan, Minnesota and Wisconsin.

Average income, output per worker and investment per farm in low production areas compare with farms in central Iowa and U.S. as follows (based on the 1950 Census):

	Low production areas	Cutover areas of Lake states	Central Iowa	U.S.
Gross receipts	$2,901	$ 3,680	$ 9,604	$ 6,282
Expenses	866	1,222	3,552	2,219
Net income	2,035	2,458	6,052	4,063
Production per worker	1,912	2,360	6,763	3,739
Total investment per farm	9,930	12,329	46,197	22,923

The capital investment per farm in low production areas is about four-fifths lower than in central Iowa while net income is two-thirds lower and production per worker is over 70 per cent below that on Iowa farms. The average income and investment per farm in the cutover area of northern Minnesota, Wisconsin and Michigan appear to be only slightly higher than in the other major low income areas of the U.S.

Farm income in these areas can be increased by expanding production through larger size of business and greater efficiency and by moving people into nonfarm occupations. The "retooling" of these farms will require additional capital in the form of land, buildings, machinery, fertilizer and livestock while the movement out of agriculture requires learning a new set of skills and perhaps moving to another area.

AMONG THE RECOMMENDATIONS designed to help those who remain in farming to improve their income are: (1) increasing the lending authority of the Farmers' Home Administration by 30 million dollars and (2) expanding soil conservation and educational programs into low income areas. "Supervised" loans are made by the FHA to farmers who do not qualify for credit from commercial sources. On farms where the principal limiting factor is "know-how," supervision of the farming operation often has helped to boost income appreciably.

Recommendations aimed at facilitating the transfer of people to nonfarm occupations include: (1) expansion of vocational training, (2) promoting industrial development in rural low income areas and (3) strengthening the employment service so that the underemployed will be more fully aware of existing job opportunities.

As the first phase of the program the President recommended that funds be provided for a pilot project in 50 or more of the 1,000 low income counties beginning in fiscal 1956. As experience is gained, the program presumably would be expanded.

The size and complexity of the problem indicate that a satisfactory solution will not come about easily or in a few years. However, measures that lead to a more productive use of the nation's labor resource, whether located on farms or in the towns and cities, should be of benefit to the nation as well as the individuals who are directly involved.

Research Department