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May 29, 1958

FARM LIVING STANDARDS have risen rapidly since World War II. One indicator is the increasing proportion of U. S. farms having various facilities and conveniences. This has been rising.

The gain results in part from the decline in number of farms. This has been centered chiefly in the lower-income sector and these are the farms generally lacking in modern facilities.

For example, from 1950 to 1954 in the five states of the Seventh Federal Reserve District, the number of farms reporting telephones increased only 4 per cent and the number reporting electric service declined slightly. Nevertheless, the proportion of farms having telephones increased from 65 per cent in 1950 to 74 per cent in 1954; and the number with electricity increased from 91 per cent to 97 per cent.

The trend for U. S. farms is indicated by the following data*:

	1940	1945	1950	1954	1956
Per cent of all U. S. farms having:					
Telephone	25	32	38	47	52
Electricity	33	48	78	93	94
Automobile	58	62	63	71	74
Running water in house ...	22	29	43	59	64
Home freezer	-	-	12	32	39
Television	-	-	3	36	53

*Censuses, except 1956 which is USDA estimate.

Farm buildings provide another evidence of agricultural conditions. Expenditures for new buildings and repairs increased an estimated 2 per cent in 1957, following a decline from the record \$2.6 billion in 1952 to \$2.2 billion in 1956. A further modest increase is likely in 1958. Purchases of household and farmstead equipment probably showed a moderate gain also in 1957.

The amount of household furnishings and equipment owned by farm families increased about 50 per cent from January 1, 1945 to January 1, 1957.

Consumption of electrical power per farm in 1957 was more than double the 1947-49 average, but the average cost per kilowatt hour was 19 per cent lower. The decline in cost has been due largely to the fact that many farm customers have moved into higher consumption brackets. Rate schedules generally provide lower cost per kilowatt as consumption per customer increases. Electric bills for Midwest farmers averaged about \$12 per month in 1957, compared with about \$7 in the 1947-49 period.

The level of income obviously is the major factor determining the level of living of individual families, farm and nonfarm. Per capita income of the farm population in 1957 is estimated at \$993, or about four times the 1939 figure. The income of farm residents showed

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a large gain relative to the nonfarm population during World War II and the early postwar years. Since 1948, however, there has been a sizable gain in per capita income of the nonfarm population while the per capita income of the farm population has shown a relatively small gain over its 1948 level. Thus, the ratio of per capita incomes of the farm and nonfarm populations has declined but remains well above the prewar ratio.

On the basis of income alone, therefore, the average level of living of farm families should have shown substantial gains and some gain relative to nonfarm families. In large part, of course, the rise in incomes reflects higher prices—inflation.

Purchasing power of the \$993 average 1957 income per farm resident in terms of 1947-49 dollars was equal to \$850. This allows for the 17 per cent increase in prices paid by farmers for "family living items" in 1957 compared with 1947-49 prices. Thus, real per capita income of the farm population in 1957 was about the same as the 1947-49 average although about 61 per cent above the 1940 level.

By way of comparison, nonfarm per capita income in 1957 was about \$2,040. In real terms this was about 15 per cent above the 1947-49 average and 49 per cent above the 1940 level.

Farm wages affect the incomes and level of living of the 24 per cent of the farm labor force which is hired workers. In 1957, farm wage rates were up 30 per cent from the 1947-49 average and were more than four times the 1940 level. However, there is a great variation in wage rates from area to area.

Generally, there is a high correlation between the level of farm wage rates and the availability of nonfarm employment. In areas where nonfarm jobs provide attractive alternatives, wages of hired farm workers show little or no relationship to the characteristics of farms in the area.

In areas where nonfarm jobs are not available, farm wages generally reflect the level of income earned by farm operators, which, in turn, reflects the amount of capital per farm—the higher the value of real estate and other productive assets the higher are farm operators' incomes and wages of hired farm workers.

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FARM BUSINESS CONDITIONS

April 1958, with comparisons

I T E M S	1958		1957
	April	March	April
PRICES:			
Received by farmers (1947 - 49 = 100)	98	97	89
Paid by farmers (1947 - 49 = 100)	122	122	118
Parity price ratio (1910 - 14 = 100)	87	87	82
Wholesale, all commodities (1947 - 49 = 100)	119	120	117
Paid by consumers (1947 - 49 = 100)	124	123	119
Wheat, No. 2 red winter, Chicago (dol. per bu.)	2.23	2.26	2.23
Corn, No. 2 yellow, Chicago (dol. per bu.)	1.30	1.19	1.32
Oats, No. 2 white, Chicago (dol. per bu.) . . . . .	.73	.75	.77
Soybeans, No. 1 yellow, Chicago (dol. per bu.)	2.30	2.25	2.43
Hogs, barrows and gilts, Chicago (dol. per cwt.)	20.68	21.26	17.96
Beef steers, choice grade, Chicago (dol. per cwt.)	29.37	29.90	22.99
Milk, wholesale, U.S. (dol. per cwt.)	3.91	4.16	3.98
Butterfat, local markets, U.S. (dol. per lb.) . . . . .	.58	.59	.60
Chickens, local markets, U.S. (dol. per lb.) . . . . .	.19	.21	.18
Eggs, local markets, U.S. (dol. per doz.) . . . . .	.37	.41	.30
Milk cows, U.S. (dol. per head)	203	200	161
Farm labor, U.S. (dol. per week without board)	41.25	—	40.75
Factory labor, U.S. (dol. earned per week)	80.81	81.45	81.59
PRODUCTION:			
Industrial, physical volume (1947 - 49 = 100)	126	128	144
Farm marketings, physical volume (1947 - 49 = 100)	87	87	90
INCOME PAYMENTS:			
Total personal income, U.S. (annual rate, bil. of dol.) . . .	343	342	341
Cash farm income, U.S. ¹ (annual rate, bil. of dol.)	33 ^a	34 ^b	29 ^a
EMPLOYMENT:			
Farm (millions)	5.6	5.1	5.8
Nonagricultural (millions)	57.3	57.2	58.5
FINANCIAL (District member banks):			
Demand deposits:			
Agricultural banks (1955 monthly average = 100)	102.5	101.4	100.9
Nonagricultural banks (1955 monthly average = 100)	102.1	98.6	100.8
Time deposits:			
Agricultural banks (1955 monthly average = 100)	117.2	116.8	107.9
Nonagricultural banks (1955 monthly average = 100)	117.8	116.2	108.6
¹ Based on estimated monthly income. ^a March ^b February			

Compiled from official sources by the Research Department, Federal Reserve Bank of Chicago