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Population mobility contributes to the adjustments needed to achieve economic growth. Even though modern civilization tends to discourage the "nomadic life" common to tribal groups in some countries, strong economic and social forces bring about slow but significant population shifts in the United States, and these generally increase the nation's production potential.

One important type of shift has been the continued movement of population from farms. Another noticeable shift in population has been from rural areas of high unemployment or underemployment to urban centers. In the Seventh District the industrial areas in northern Illinois and Indiana, southern Wisconsin and Michigan and eastern Iowa had gains in total population of 20 per cent or more while areas in southern Indiana and Illinois, western Iowa and northern Wisconsin all had losses in population (see map on back of Letter).

In several respects, this shift in population is of far-reaching significance. The trend of population reflects the relative employment opportunities; people may be likened to capital in that, given time, they move in the direction of greatest return.

Although most rural areas—including high- and low-production farm areas—have been losing population, the greatest declines have been in the low-income areas.

In part, this rapid shrinkage in farm population reflects the sharp reduction in number of small farms as these are consolidated into units large enough to achieve the efficiencies possible with modern technology. There were 96,000 fewer farms in the five states in 1959 than in 1954 as enumerated by the Agricultural Census. This consolidation of small farms has been accompanied by an increase in the number of large farms.

Towns and villages are having a similar experience. In the past, small rural towns catered to the farm population by providing goods and services to small trading areas limited by the speed of the horse and the lack of hard-surface roads. Modern automobiles and networks of surfaced roads have widened the trade areas of rural communities supplying agriculture. In addition, mass merchandising techniques, self-service shopping and the need for large stocks of parts and specialized service facilities have caused these activities to be located in the larger towns. Thus many small towns have the same kind of adjustment problem as do farms—decline in total number, and larger size for those remaining.

The efficiencies obtainable through enlarging farm size and the trend toward larger towns are only one side of the coin in explaining the population changes. Probably the most significant factor in the shift to urban areas is the economic incentive provided by the higher incomes obtainable in these areas.

Although a large portion of the nation's low-income families is located in the southern states, a number of such families are found in the Seventh District states. A major portion of the low-income farm families in the Midwest is found in the regions of greatest population out-migration—in the cut-over regions of northern Wisconsin, Michigan and Minnesota, and in southern Illinois and Indiana—areas where small farms are numerous. These areas had the largest percentages of farms with gross sales of less than $2,500 and of farm and nonfarm families with net incomes from all sources below $3,500.

On the other hand, those urban centers which experienced large gains in population during the Fifties had incomes averaging more than $5,000. Over-all, average income per production worker in nonagricultural establishments in the Seventh District is about $5,000—far above the average income from farming of those farm operators on small farms. Even though skills and abilities may not be comparable, there remains substantial incentive to move from farm to city.

Commercial farms with gross sales of $5,000 or less account for 21 per cent of all farms in District states. With average gross sales from these farms below $3,500 and net income from farming only a fraction of this, it is obvious a substantial portion of farm families still have incentives to seek higher incomes in employment off the farm.

Since land available for expansion is limited and most small farmers lack the necessary capital for expansion, only a fraction of those people currently engaged in farming on small farms can expand their operations to efficient size farms. Thus, the main hope for an improved level of living must come from off-farm employment. Under incentives of higher incomes available from employment off the farm and outside low-income areas, past trends of population shifts to urban centers are likely to continue as people both on and off farms seek to better their level of living. This in turn provides great potential for increasing total production.

Research Department

LOW INCOME AREAS LOSE POPULATION

per cent population change by counties, 1950-1960

decline

increase less than 20 per cent

increase 20 to 49.9 per cent

increase 50 per cent or more