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FARM FAMILY LIVING

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Farm family income has decreased each year since 1951, although the drop has not been as sharp as the drop in aggregate income of farm operators from farming. This is because the number of people dependent on farming has decreased and because income from other sources has increased.

Since the mid-thirties there has been a general downward trend in the farm population, with some year-to-year variation. The general decline since 1950 has been at the rate of about half a million persons per year. Currently the farm population is estimated at about 22 million persons.

Farm families now have more income from sources other than farm operation than 5 or 10 years ago. The Agricultural Marketing Service estimates show an upward trend since 1947 in per capita nonfarm income of persons living on farms, and we have additional evidence from other sources. The 1954 Census of Agriculture shows that more operators were working off their farms than in 1949. The tabulation of this last Census is not complete, but for the 24 States reported when this chart 1/ was prepared, the proportion of farm operators working 100 or more days off the farm had risen from 20 percent in 1949 to 24 percent in 1954. The Bureau of the Census also has reported an increase in the percent of farm people employed in industrial occupations. In 1955, 36 percent of all employed persons living on farms were working in nonagricultural industries, as against 30 percent in 1950. The Census has also reported an increase in the percent of farm wives in the labor force. In April 1954, 22 percent of the rural farm wives were in the labor force, while in March 1950, there were only 17 percent. Note that the increase was greater for farm than for urban wives.

The Agricultural Marketing Service has estimated the average income per capita of farm persons from all sources--nonfarm as well as farm--to be $913 in 1954 as against $977 in 1951 and an average of $857 for the three years 1949-51. This represents a drop of about 7 percent between 1951 and 1954 and a 7 percent increase between the average for 1949-51 and 1954. But, even though prices of consumer goods have remained relatively stable during the past few years, if we go back as

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1/ The charts referred to are included in Section 3, Family Living, of the "Agricultural Outlook Charts, 1956."

far as 1949, there has been an increase in the prices farmers pay for commodities used in family living. As a result, total per capita income, expressed in dollars of constant purchasing power, was about 2 percent less in 1954 than the average for 1949-51. This would amount to about $50-$100 per family at present-day price levels, assuming a family size of four. Some further decline in 1955 is indicated. Nevertheless, we conclude that, although farm families on the whole have less total purchasing power than in the period 1949-51, they probably have not had to cut back their living by as much as might be inferred from the totals on farm income alone. Undoubtedly, there has been considerable variation both among families within any given region and between various types of farming areas depending upon the amount of off-farm income and the type of farming operations.

There is considerable evidence to support this premise of less cutting back in farm family living expenditures than in farm income. For example, farm families have continued to add to their stock of household goods and conveniences. In 1954 approximately 70 percent of all farmers owned an automobile as against 63 percent in 1950. Over 90 percent of the farms were attached to electric power lines in 1954 as against 78 percent in 1950. The percent of farm dwelling units with piped running water in 1954 can be estimated to be in the neighborhood of 55-60 percent whereas it was only 45 percent in 1950. About half of the farm families had a telephone in 1954 as against 38 percent in 1950. About one-third had home freezers as against 12 percent in 1950. These figures I am quoting are estimates based on 39 States so far reported from the 1954 Census of Agriculture. This chart shows the percent of farms having home freezers in 5 of the States reported earlier this fall. The Bureau of the Census has recently reported that in June of this year 42 percent of the rural farm households reported ownership of a TV set as against only 3 percent in 1950.

The farm-operator family level-of-living index of the Agricultural Marketing Service, which combines in one figure four indicators of level of living--the percentage of farms with electricity, the percentage of farms with a telephone, the percentage of farms with automobiles, and average value of products sold or traded in dollars of constant purchasing power--shows a marked increase between 1950 and 1954. Greatest gains were made in the South.

The continued rise in the level of living of farm families, measured by their accumulation of household goods and conveniences, seems to be matched by continued spending for family living--both to buy these durable goods and for other items for family living. On this point we have less information and must rely on data from farm families in three midwest States that submit home accounts to their experiment stations. These farm families, on the whole, are at a higher economic level than are all farm families from the same farming areas. Their housing facilities are better and over the years they have accumulated more household equipment. Undoubtedly their financial resources are greater also. Thus it can be expected that their expenditures will show less year-to-year variation than do those of the total farm population. However, there is no reason to believe that the direction of change in spending would not be the same for the two groups. These data indicate that farm families have maintained their spending in terms of dollars of constant purchasing power during the past few years. The reports of the account-keeping families suggest that the squeeze between declining income and slightly increased prices for consumer goods has been met by decreased savings for the year. Accordingly, farm families are becoming more like city families in the value they put on consumption vs. savings.

Changes in farm family spending for different kinds of goods and services, insofar as we can measure them, have followed much the same trends as for all consumers in the United States. For example, the account-keeping farm family per capita expenditures for food have continued to rise at about the same rate as have per capita expenditures by all consumers in the United States. It may be that farm families, like urban families, are continuing to increase their expenditures for foods that will require less preparation in the home and are also buying higher priced foods. Furthermore, farm families, like urban families are eating more meals in restaurants. Also, the families reporting on the account projects for the States show a decline in the use of home-produced food. But, overall, farm food production still makes a large contribution to the living of farm families. On the average, home-produced foods, when valued at retail prices, provided 43 percent of the total money value of household food in a 1952 food consumption survey of rural farms in the North Central region. Even if there has been some decrease since 1952, the proportion must still be large.

The account-keeping farm families spent more for clothing in 1954 than in 1953, although for the country as a whole per capita clothing expenditures were slightly lower in 1954. However, the trend since World War II in per capita clothing expenditures, adjusted to take account of price changes, has been downward for the account-keeping farm families, as for the total population. In part, this downward trend has resulted from changes in the age distribution of the population. The high birth rate in early post-war years, plus the increasing survival of persons to the older age brackets, has resulted in an increasing proportion of low clothing spenders among the population, both rural and urban. However, this population shift probably explains only part of the decline in per capita expenditures for clothing. The new automobile and the TV set may be competing with new coats and shoes.

The great surge in the purchase of furniture and equipment in the early post World War II years to make up for purchases foregone during the war years and the anticipatory buying in late 1950 accounts for the somewhat lower expenditures by the account-keeping farm families and by all consumers in the United States during the years of 1952 and 1953. Less than usual replacements were needed. The account-keeping farm families sharply increased their expenditures for furniture and equipment in 1954.

In dollars of constant purchasing power, the per capita medical care expenditures of the account-keeping families were stable during the years 1952-54, and about 8 percent above those of 1949-51. This is a larger increase than for all consumers in the United States.

However, though farm families have been increasing their spending and there have been notable increases in some of the home conveniences and facilities, there is still need for improvement in levels of consumption. At least one-third of the farms in the United States lack piped running water in the dwelling unit, and at least half in the South. Because, in many areas, the installation of piped running water is so dependent upon the installation of electricity, a continued rapid increase in this facility in the coming years would be possible. The increase from 45 percent in 1950 to within the range of 55-60 percent is already a remarkable achievement.

In spite of the large quantities of food purchased and home produced, the diets of many farm families are still below the recommended allowances for some of the essential nutrients. The North Central Regional Study of food consumption showed that almost one-fourth of the farm families in 1952 had diets with less than recommended amounts of calcium and ascorbic acid, nutrients provided chiefly by milk and certain fruits and vegetables. A study of farm families in selected farming areas in the South in 1948 showed them to be even worse off. The cotton and tobacco areas were particularly low. These are areas known to have relatively little home production of milk. Our studies have shown that farm families that do not produce milk tend to use far less than families that do. However, poor diets may result from lack of knowledge of the proper foods to eat as well as from insufficient resources to acquire the necessary foods. Thus improvement in the economic level of farm families needs to be accompanied by a continuing program of nutrition education.

Historically, rural people have been at a disadvantage in obtaining medical care. At the beginning of this decade proportionately far fewer physicians, dentists, and nurses were serving the rural population than the urban. In counties not part of a metropolitan area or adjacent to a metropolitan area the number of physicians and dentists per 1,000 population was less than two-thirds that of the United States as a whole. The post-war program of federal aid for hospital construction was expected to bring additional personnel to rural areas as well as provide needed hospital facilities. There is no measure of how well it has succeeded but it can be assumed that the physician-population ratio in rural areas is still substantially below the urban.

Farm family enrollment in voluntary health insurance programs has been slow. And yet health insurance permits a better level of medical care than would be possible without insurance by reducing the financial impact of illness. In 1953, the only year for which we have statistics showing health insurance owners by degree of rurality, only 45 percent of rural-farm families had some type of health insurance for one or more family members as contrasted with 70 percent of urban families. A study in the same year in one county in North

Carolina showed only 40 percent of the farm operators enrolled in such programs, whereas two-thirds of the rural nonfarm self-employed and clerical workers had such insurance. The indications all are, however, that this level represents a considerable improvement for rural families over earlier years, and that the proportion of rural families carrying some type of health insurance has continued to increase.

In 1954 farm children were attending school in larger proportions than ever before. However, enrollment rates for farm boys and girls in the high school age group (14-17 years) were still about 6 percent below those for all children in this age group in the United States. Differences in enrollment rates for those over 18 and for children of kindergarten age were even more marked. Furthermore, for many of the farm pupils attending school the educational resources are not as great as for the urban pupils. In 1954-55, the States with a higher percent of rural residents tended to have lower expenditures per pupil than the States with a lower percent of rural residents. Even when differences in income among the States are taken into account, expenditures per pupil tend to be somewhat lower for those States with a higher proportion of rural residents.

With the revision of the Social Security Act in 1954, an important step was taken in providing for the welfare of the farm family. During the past two decades, if the farm-operator died in the early stages of the family life cycle, his widow and dependent children were in a disadvantaged financial position relative to the city worker covered by OASI. Equities in the farm enterprise are relatively small at this stage of the family life cycle and these were likely to be the only financial resource available for the rearing of the children and the maintenance of the wife until the children were old enough to permit her to take a full-time paid position. Beginning with the second quarter of 1956, when most farm operators will have been covered by OASI for the minimum period, farm families will have some protection provided against the risk of death of the breadwinner. The farm operator will also benefit from the retirement provisions of the OASI at age 65 as does the city worker. If, in the course of his working life, he has acquired considerable equity in the farm enterprise, he will have additional resources for his own maintenance or to pass on to his heirs.

Now, what of the future? Though prices of consumer goods have been very stable so far in 1955, they are expected to rise slightly during the coming year. Already we can see evidence of an upward swing in apparel prices and there is reason to believe that prices of consumer durables may show more strength in the months to come. Charges for consumer services have risen steadily and will probably continue to do so. However, food prices are expected to show little change, on the whole. And, because food is the largest component of the family budget, it will tend to keep overall increases in family living costs small.

In October the Index of Prices Paid by Farmers for all commodities used in family living was the same as a year ago. The chart shows indexes for four of the six separate commodities prices for this index. Figures in this chart carry through June 1955, the last available when this chart was prepared. The September figure for house furnishings was virtually the same as a year ago, the index for food and tobacco was down 3 percent, that for building materials used in housing was up about 3 percent. September prices of new automobiles and auto supplies, though lower than in June of this year, were 2 percent higher than for September 1954. Clothing and household operation, not shown here, were both slightly higher than a year ago.

The Consumer Price Index for urban wage-earners and clerical workers is another widely used measure of changes in consumer prices. The commodities and services priced for this index are those determined to be typical of the urban worker's family living budget. However, in many instances, urban and rural families purchase the same types of goods and services. The chart shows four of the separate components of the index. Rent and medical care, which typify the price movement of service items in the family budget, continued their upward trend in 1955. The September figures for these components were 1-2 percent higher than a year ago. In September, the apparel figure in this index, like the clothing figure in the Index of Prices Paid by Farmers, was a little higher than a year ago. Footwear, an important item in the budget of families with many children, had increased 1 percent. Footwear and women's and girls' apparel in this index had an unusually high upturn this fall. Trends in prices, as shown by these indexes of consumer prices may foretell what is ahead in the year to come.

With the possibility of some slight rise in consumer prices in the coming year and a further decline in farm income, farm families cannot maintain the level of living of the past few years unless they can reduce savings further or add to income from nonfarm sources. If cuts in living expenditure are made, which categories of consumption are most likely to be curtailed? One of the most sensitive items in the farm family budget is gifts and contributions. Another highly sensitive item is transportation. With the many new cars purchased since 1951, replacements of the automobile itself could be deferred. Expenditures for furnishings and equipment are also likely to be reduced when income prospects are less than formerly. But, because farm families have so recently added to their stocks of equipment and furnishings, this curtailment will probably not affect the level of living immediately. Refrigerators and washing machines installed in the late forties can be made to serve a few more years. One improvement which I fear will suffer is the installation of piped running water. This is an expensive installation to make, and farm families that do not clearly foresee continued high income may hesitate to make the expenditures necessary for this convenience. I would hope that where farms have recently been electrified, families would place a high priority on this expenditure.

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Another curtailment which is likely to occur with reduced income is in spending for education. This, too, would be a most unfortunate step for the farm families to take. There probably will be no decrease in medical care expenditures. Families may feel impelled to cut back on the amount of medical care they buy but this will be balanced by rising costs of medical services. Those families that have seen the advantages of voluntary health insurance may be loathe to give up this program.

Farm families could increase their home production of food as a hedge against lower cash incomes. The many freezers installed in recent years provide the farm homemaker with a means of making farm-furnished foods available beyond their seasonal production.

Summary

Farm families, on the whole, have maintained their levels of living at least through 1954 in spite of the drop in total farm income. This is, in part, because the number of families dependent on farm income is smaller and because farm families have increased their income from nonfarm employment. The reserves of durable goods that farm families have built up over the past 5 years have also helped to maintain their levels of living. Farm family spending, insofar as it can be measured with the available data, seems to have held up through 1954 and to be following the same trends as spending by all consumers in the country. For example, food expenditures are up, reflecting shifts towards prepared foods and choices of higher priced foods. Moreover, farm families seem to be like other consumers in the tendency, since World War II, to spend more for durable goods and less for clothing than their previous pattern.

In the year ahead increased prices for some consumer goods seem likely, but the overall increase in living costs will be slight because food prices, which are not expected to increase, are so large a part of the total. But increases in living costs, however small, in combination with decreasing income from farming may result in a further cut in farm family purchasing power. This will mean reduced expenditures for living, unless farm families can continue to add to nonfarm income or make adjustments in saving. In view of the fact that so many farm homes lack running water, it is hoped that a cut in expenditures for this improvement is not in prospect.

Table 1.--Spending trends of U. S. consumers, 1940-54, in current dollars and in 1947-49 dollars

Year	Amount spent per person (current dollars)						Amount spent per person (1947-49 dollars 1/)					
	Family living, except housing, auto 2/	Food	Clothing	Furniture and equipment	Household operation	Medical care	Family living, except housing, auto 2/	Food	Clothing	Furniture and equipment	Household operation	Medical care
1940.........	395	143	63	32	47	23	660	298	118	60	70	31
1941.........	450	165	74	40	50	24	715	316	133	70	73	34
1942.........	517	198	89	39	56	28	742	323	138	60	77	37
1943.........	592	231	111	37	61	31	800	338	164	56	80	39
1944.........	650	255	123	39	67	35	864	378	169	54	85	43
1945.........	718	282	138	45	73	38	934	410	181	59	90	45
1946.........	823	322	149	69	74	43	987	408	178	83	87	49
1947.........	892	352	150	83	84	47	935	367	154	85	87	49
1948.........	931	367	154	86	90	50	906	352	149	83	87	49
1949.........	907	358	143	78	88	51	891	358	144	78	88	49
1950.........	942	368	140	87	94	54	916	364	143	86	93	51
1951.........	1,007	411	148	[illegible]	100	56	908	365	139	78	91	51
1952.........	1,037	427	151	84	102	60	913	372	142	77	91	51
1953.........	1,056	432	147	84	107	62	923	383	140	78	92	51
1954.........	1,059	435	144	83	108	65	923	386	138	78	92	52

Source: Derived from data of the U. S. Department of Commerce, adjusted slightly to make comparable with farm family accounts.

1/ Adjusted to 1947-49 dollars by the Consumer Price Index. The separate components of the Index were used for food, clothing, and other categories.
2/ Includes spending for other consumption categories not shown separately.