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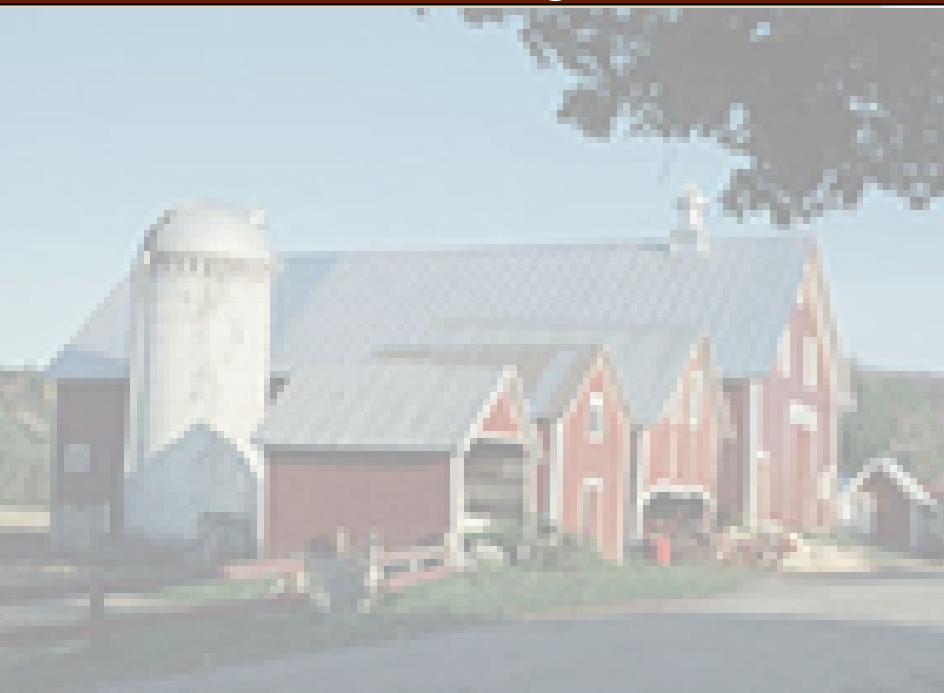
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The Changing Rural Setting for Agricultural Innovation and Community Prosperity

Agricultural Outlook Forum 2004

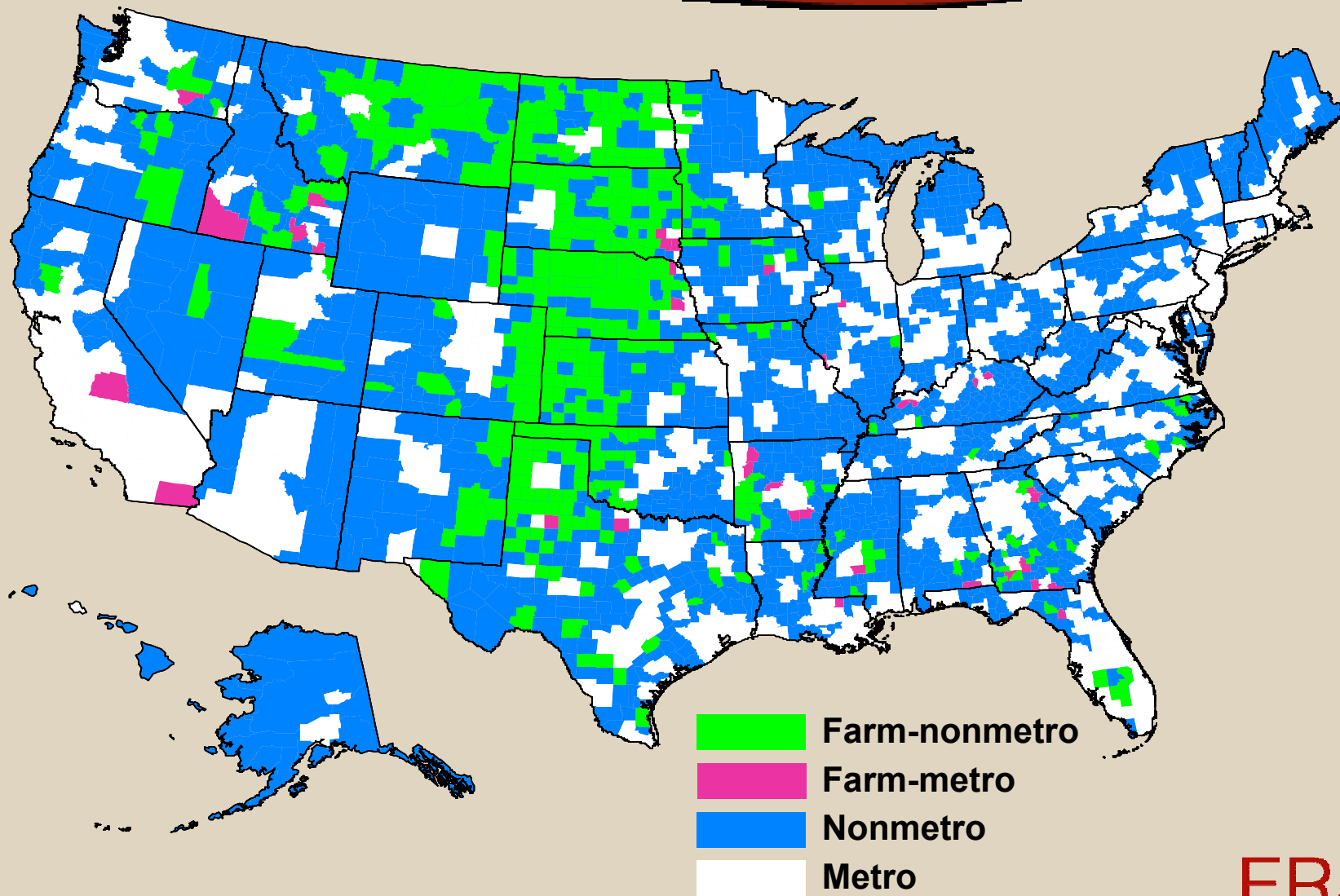


Linda Ghelfi
Economic Research Service
U.S. Department of Agriculture

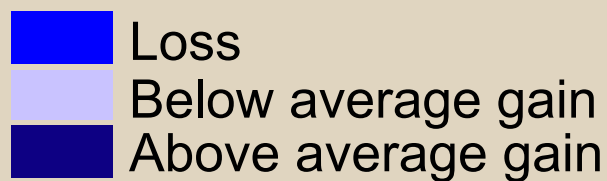
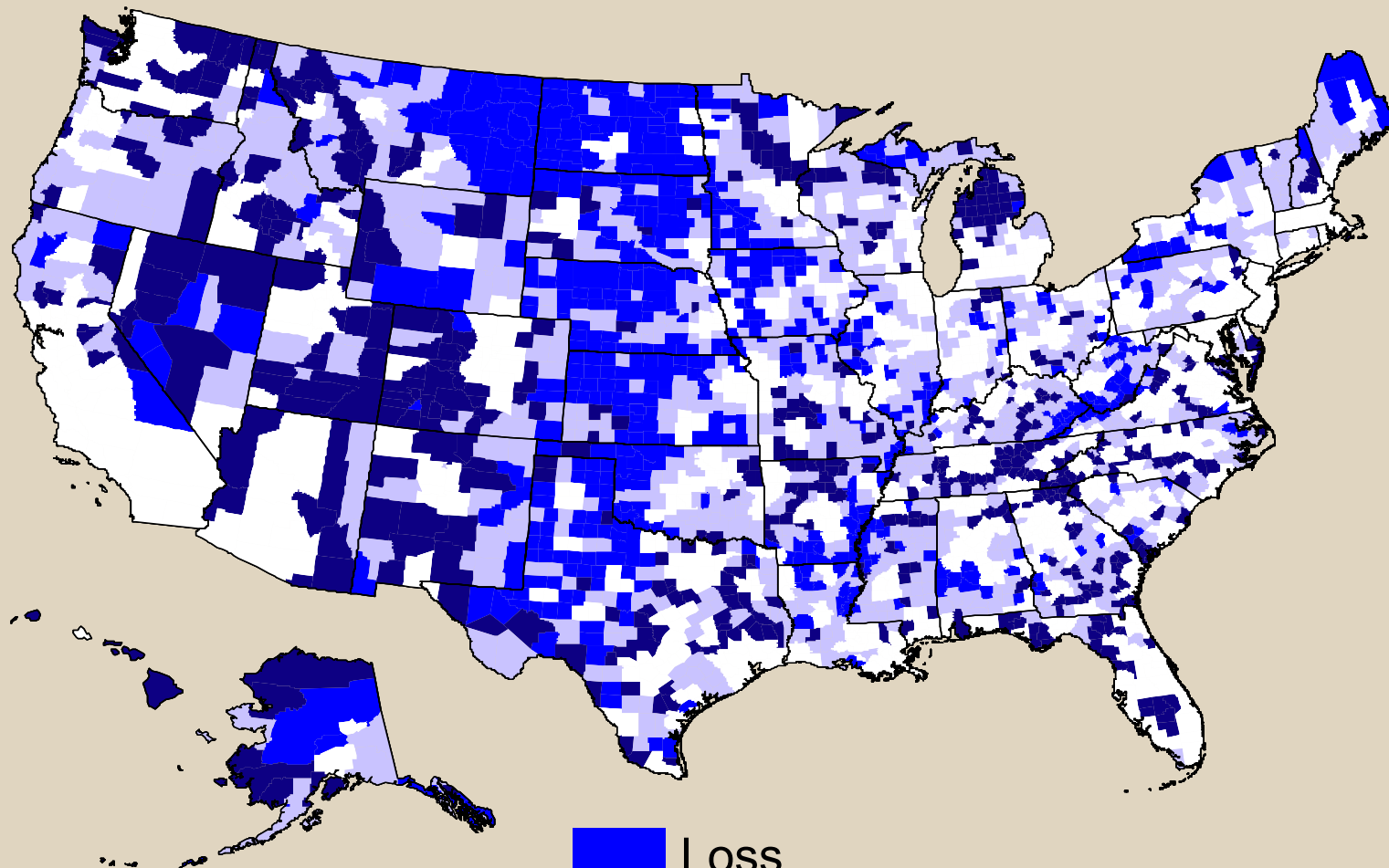
Organization of Presentation

- Changes in rural America, especially in farming-dependent counties
- Changes in agriculture, especially consumer demand
- Implications for agricultural innovation and community prosperity

Rural America today

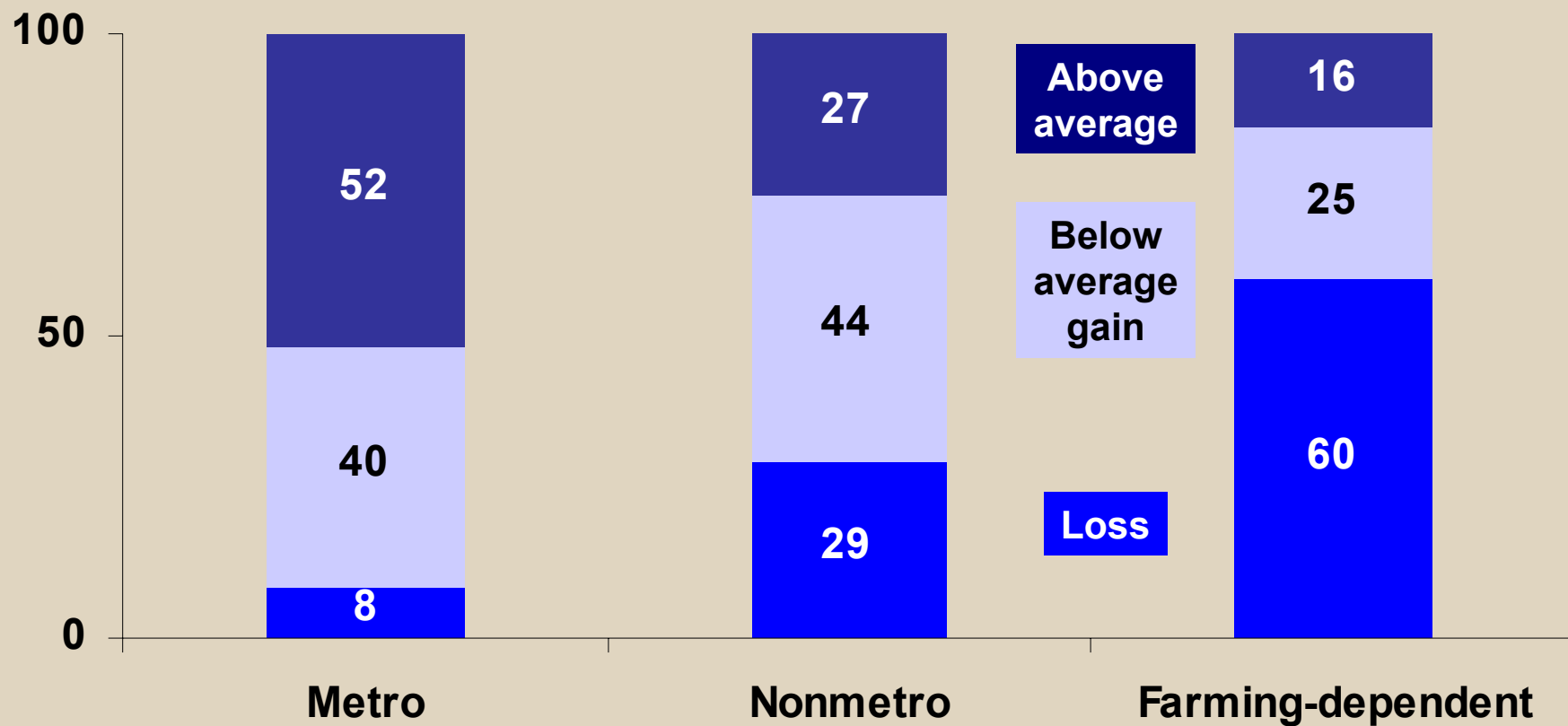


Nonmetro population change, 1990-2000



Counties by population change

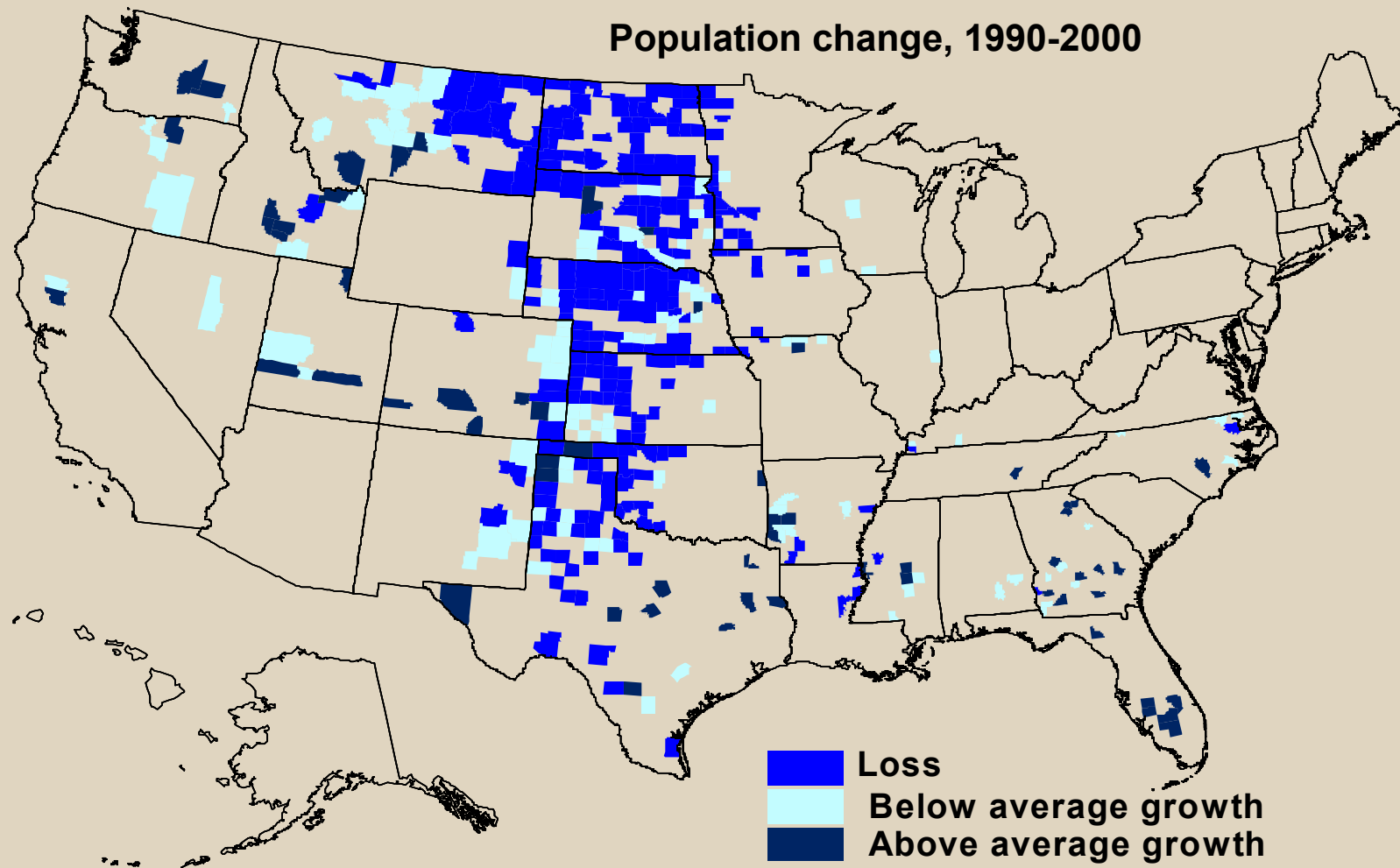
Share of counties by level of population change:



Large Hispanic contribution

	Population change	Hispanic change	If Hispanic population had not grown, population change would have been
Metro	14	61	8
Nonmetro	9	65	7
Farming-dependent	5	63	0.2
Loss	-7	19	-8
Below average gain	6	44	2
Above average gain	24	127	12

Farming-dependent counties

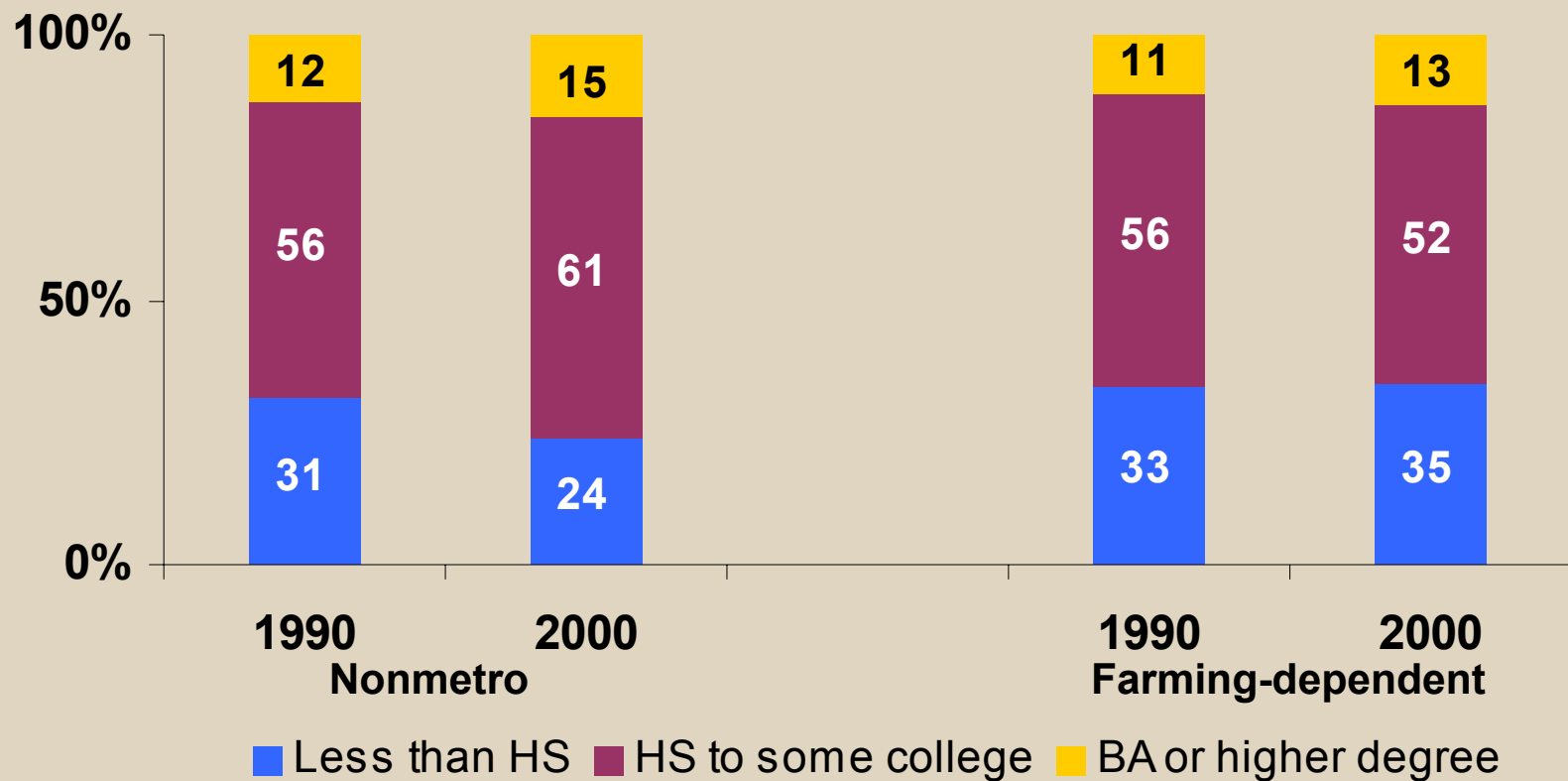


Employment and earnings, 2000

	Farming- dependent	Nonmetro
All jobs per county		
Farm	737	821
Nonfarm	3,206	11,724
Earnings per job		
Farm	25,753	12,285
Nonfarm	22,494	25,914

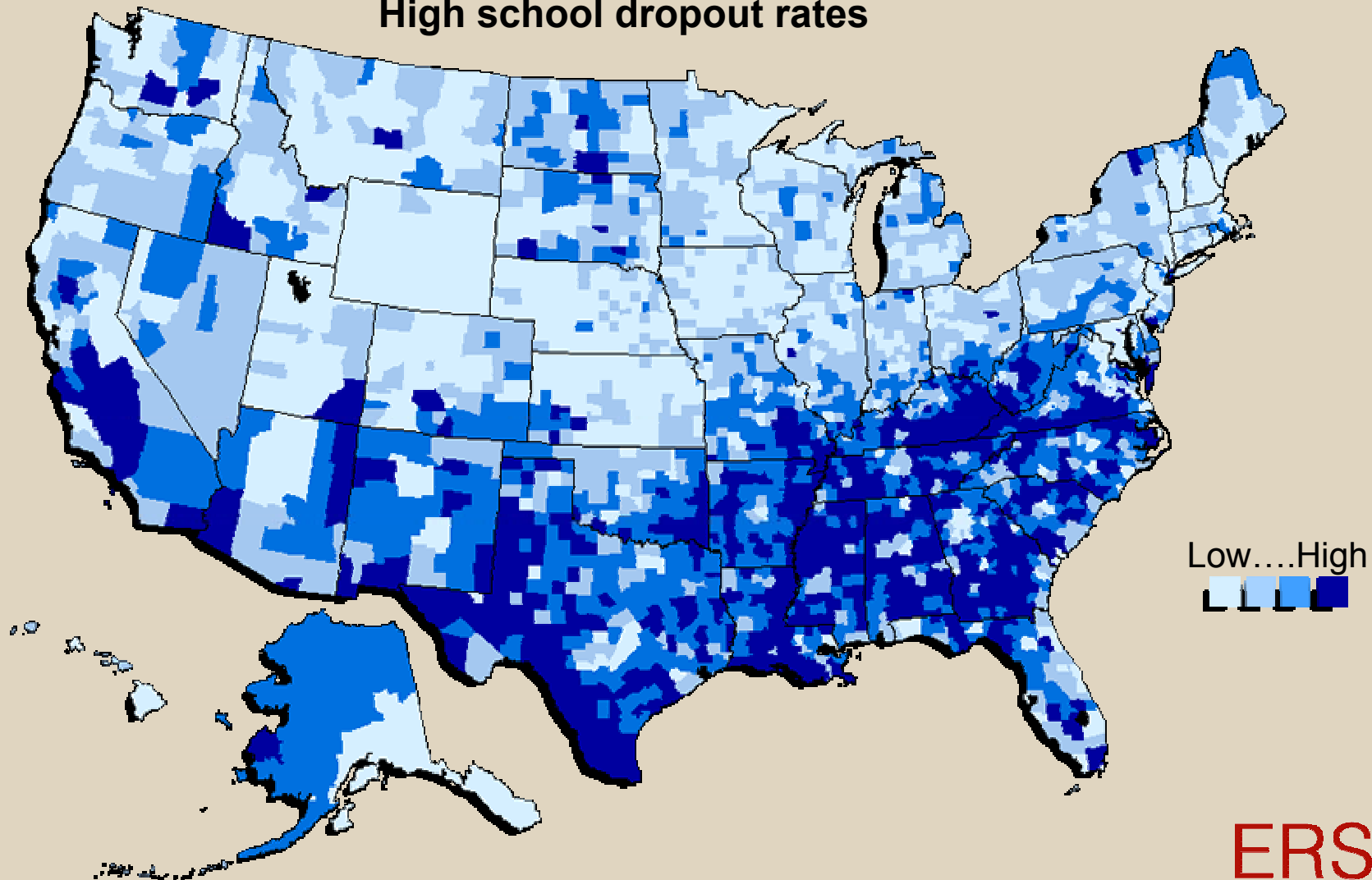
Improving education

Distribution of adult (25+) population by schooling completed:



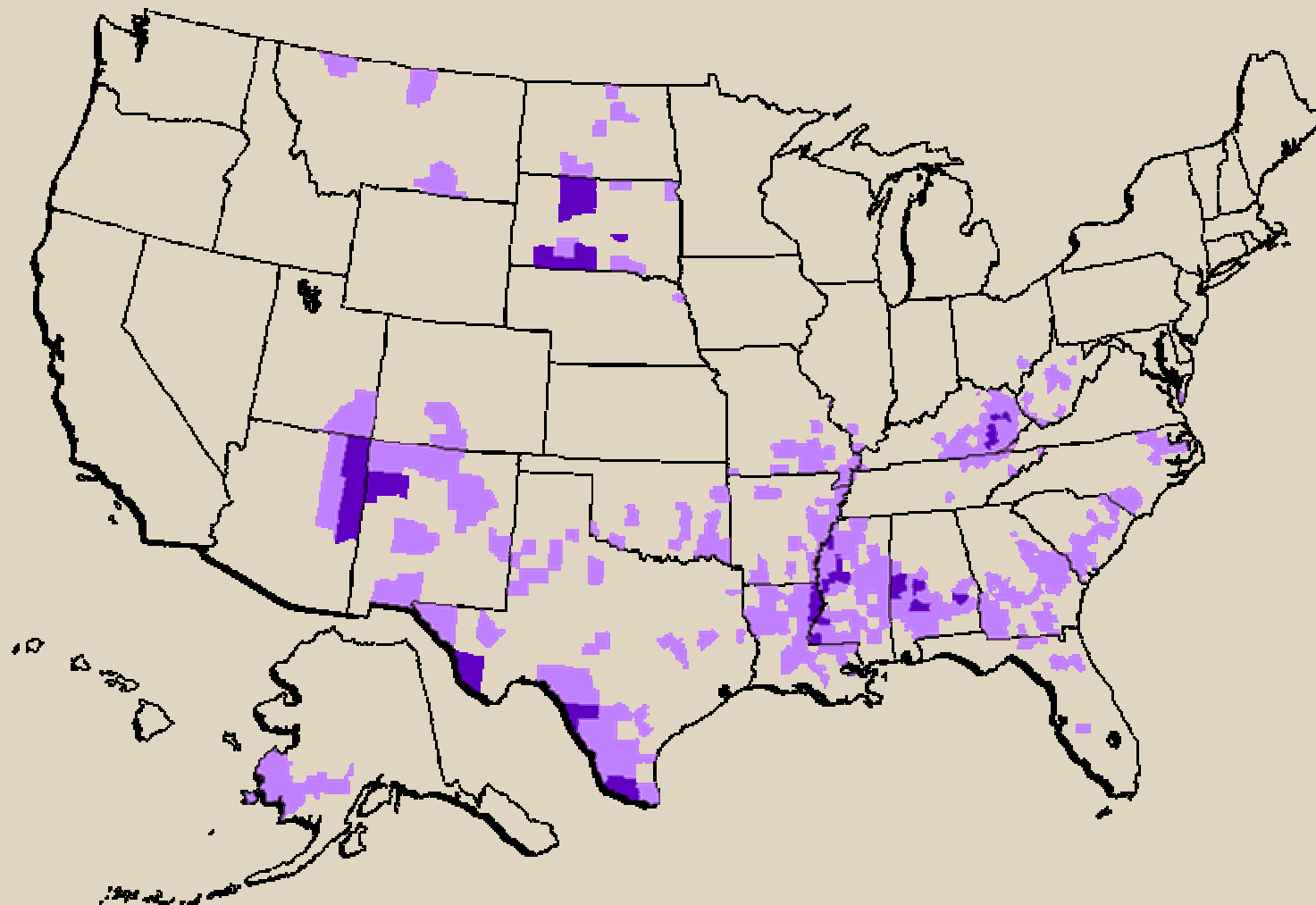
Educational challenges

High school dropout rates



Persistent high poverty remains

Poverty rate ■ over 20% ■ over 33.3% in every census 1960-2000



Farm Trends

1997 Census of Agriculture:

	Metro	Nonmetro	Farm- dependent
Farms per county	719	570	475
Average acres per farm	297	604	1178
Percent with farm occupation	46.4	52.8	66.3
Percent working any days off farm	56.5	53.2	44.6
100+ days	39.5	35.5	26.3
Percent who lost (sales less than expenses)	51.6	46.4	40.1
Percent who received farm payments	26.1	42.2	61.5
Land in Conservation/Wetlands Reserve	7.3	14.7	23.4
Percent who sold directly to individuals	6.5	3.8	1.9

Forces Changing Agriculture

- Increased product differentiation and market segmentation
- Forces at play
 - contracting and vertical integration
 - biotechnology
 - industrial innovations
 - logistical advances
 - information technologies
 - changing consumer demand and preferences

Farmers are innovating to meet demand

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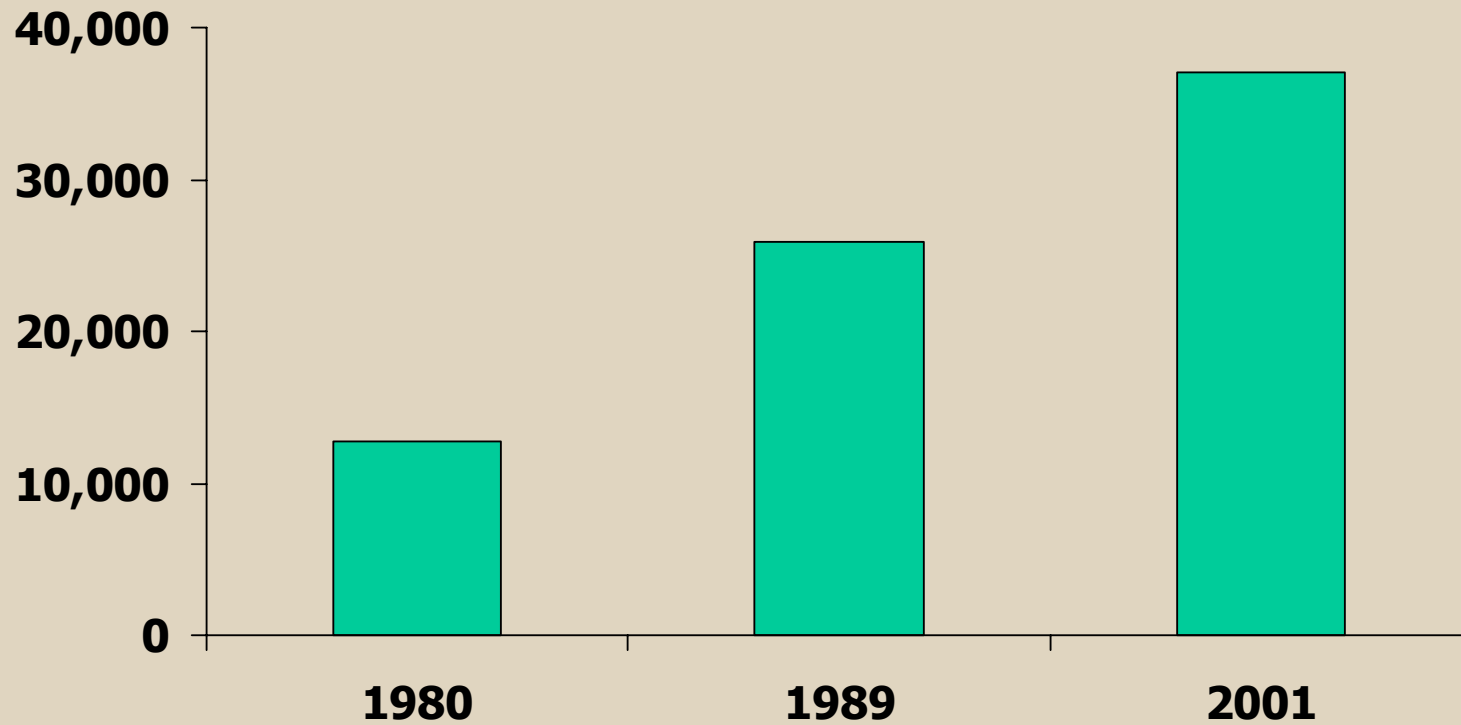


as are processors...



...and retailers

Number of items carried by U.S. supermarkets



Opportunities and Challenges

- Product differentiation opens doors to niche markets
- Americans have long expressed desire to live in rural areas
- Identifying, funding, and starting up profitable farming innovations
- Linking innovations to growth in local jobs and earnings



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In this issue:

- Have Seed Industry Changes Affected Research Effort?
- Anatomy of Nonmetro High Poverty Areas
- New Pressures for Agricultural Reform in India
- The U.S. Ag Trade Balance... More Than Just A Number

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