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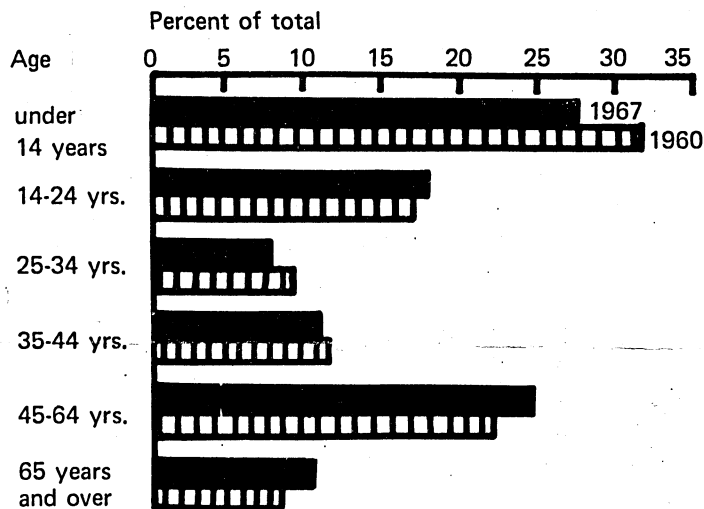
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THE NUMBER OF PEOPLE ON FARMS continues to decline. Between 1960 and 1967 the farm population fell 30 percent, according to the latest Census report. About 10.9 million people lived on farms in 1967, or about 5.5 percent of the total U. S. population. In 1960, the farm population accounted for 8.7 percent of the total.

The further decline in farm population reflects the continuation of forces long present in this country, and in most other countries that are advancing economically. As it becomes possible for a smaller work force to produce the nation's agricultural commodities, living standards can be raised by shifting workers into non-agricultural activities. The market forces cause earnings of workers in agriculture to be lower than earnings in the non-farm sector and this encourages farm people to seek non-farm employment, and often to migrate to urban centers. The young, just beginning their working careers, are especially sensitive to such alternatives. Indeed, most of the decline in farm population has resulted from young persons raised on farms not joining the agricultural labor force, rather than from farm workers leaving agriculture for other types of employment. This is reflected in the changing age structure of the farm population.

Farm Population Growing Older



Traditionally, the farm population has included a high proportion of young people. But in 1967 only about 28 percent of persons living on farms were under 14 years of age. In 1960, this age group made up 32 percent of the farm population. In the same time, persons 45 years and over increased from 30 percent of farm population in 1960 to 35 percent in 1967.

It is noteworthy that about 83 percent of the farm labor force consists of self-employed persons (farm operators) and unpaid members of their families. These people are less mobile than are wage and salary workers or young people who are seeking their first full-time job. For the farm operators, a move to full-time non-farm employment may require liquidation of the farm business.

A rising level of unemployment also influences the rate of off-farm migration. In periods of relatively full-employment, such as has been the case almost continuously since the beginning of World War II, there are more off-farm job opportunities and less risk in moving from the farm. A study conducted during 1957-63, a period which included two mild recessions, found that 10 workers left farming for each 9 persons that entered the farm labor force. A large number of those entering farming had previous farm work experience and were from the poorer and most remote rural economic areas.

Even with the decline in farm population, there still is a large number of low-income farmers. This suggests that the movement of labor out of agriculture is dependent on factors in addition to economic incentives. Among established farmers, age appears to be of overriding importance in determining the mobility of the operator. Older farmers appear less concerned with economic goals and more likely to have a definite preference for farming over other employment regardless of the possibility of higher earnings in nonfarm jobs.

Mobility is influenced also by experience in off-farm jobs. For many farmers, part-time, off-farm employment apparently leads them to seek full-time nonfarm employment and discontinue their part-time farming. The transfer is easier if there are adequate local job opportunities. A study by Hathaway and Perkins found that two-thirds of the farmers who shifted to non-farm jobs found such jobs within 50 miles of their farm and typically did not change residence. These, of course, would continue to be reported in the farm population so long as they lived on a farm.

The decline in farm population will continue. The forces that have caused the decline since World War II show no sign of waning. Improvements in farm technology, as reflected in the rapid gains in output per man hour, will likely come even faster in the future. Use of capital inputs such as fertilizer, machinery and equipment will likely be increased even faster as prices of labor and land rise further. Studies based on various assumptions concerning future demand for farm products suggest that by 1980 the amount of labor needed in agriculture will be at least 30 percent less than that used in 1968. The farm population, by then, could decline to about 7.5 million and would comprise only about 3 percent of the total population.

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Agricultural Economist

FARM BUSINESS CONDITIONS

I T E M S	1969		1968
	May	April	May
PRICES:			
Received by farmers (1957-59=100)	117	112	108
Paid by farmers (1957-59=100)	128	127	121
Parity price ratio (1910-14=100)	75	73	73
Wholesale, all commodities (1957-59=100)	112.8	111.9	108.5
Paid by consumers (1957-59=100)	126.8	126.4	120.3
Wheat, No. 2 red winter, Chicago (dol. per bu.)	1.33	1.32	1.38
Corn, No. 2 yellow, Chicago (dol. per bu.)	1.32	1.24	1.19
Oats, No. 2 white, Chicago (dol. per bu.) . . . . .	.68	.68	.81
Soybeans, No. 1 yellow, Chicago (dol. per bu.)	2.72	2.69	2.74
Hogs, barrows and gilts, Chicago (dol. per cwt.)	23.61	20.84	19.10
Beef steers, choice grade, Chicago (dol. per cwt.)	33.85	30.98	27.16
Milk, wholesale, U. S. (dol. per cwt.)	5.16	5.23	5.02
Butterfat, local markets, U. S. (dol. per lb.) . . . . .	.69	.69	.67
Chickens, local markets, U. S. (dol. per lb.) . . . . .	.14	.14	.14
Eggs, local markets, U. S. (dol. per doz.) . . . . .	.30	.37	.27
Milk cows, U. S. (dol. per head)	299	295	272
Farm labor, U. S. (dol. per week without board)	--	70.00	--
Factory labor, U. S. (dol. earned per week)	129.34	127.58	122.29
PRODUCTION:			
Industrial, physical volume (1957-59=100)	172.8	171.5	164.1
Farm marketings, physical volume (1957-59=100)	100.0	94.0	98.00
INCOME PAYMENTS:			
Total personal income, U. S. (annual rate, bil. of dol.)	735.0 ^P	731.2	678.2
Cash farm income, U. S. ¹ (annual rate, bil. of dol.)	52.0	47.4	45.0
EMPLOYMENT:			
Farm (millions)	3.9	3.6	4.0
Nonagricultural (millions)	73.4	73.5	71.9
FINANCIAL (District member banks):			
Demand deposits:			
Agricultural banks (1957-59=100)	133.1	133.2	124.9
Nonagricultural banks (1957-59=100)	131.4	135.9	123.9
Time deposits:			
Agricultural banks (1957-59=100)	329.5	326.4	292.1
Nonagricultural banks (1957-59=100)	319.8	321.5	305.4
¹ Based on estimated monthly income. Excludes Government Payments.			
^P Preliminary.			

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