

# MONTHLY *Business Review*

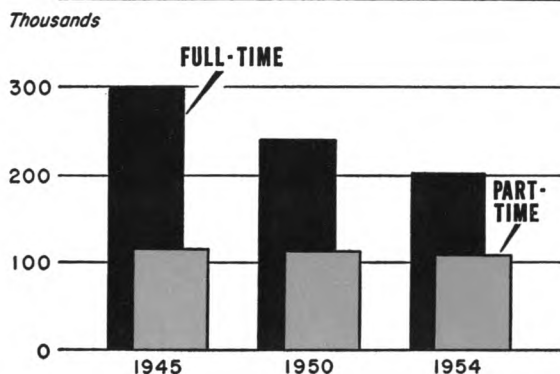
FEDERAL RESERVE BANK of CLEVELAND

*March 1956*

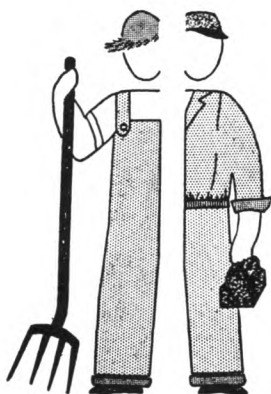
## IN THIS ISSUE

- Trend to Part-Time Farming..... 3
- Measuring Easter-Season Trade..... 6

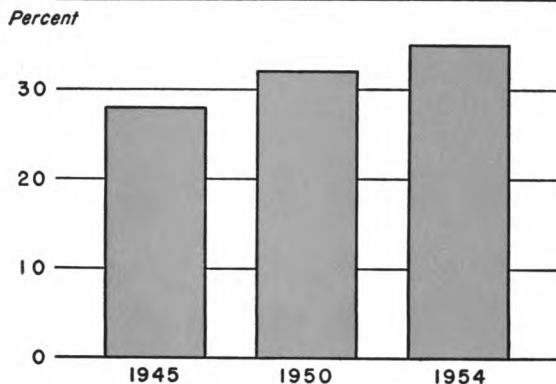
### FARM OPERATORS IN FOURTH DISTRICT



*While the number of farmers in the Fourth District, as elsewhere, has declined over the years, there has been almost no decline in the number of PART-TIME OPERATORS, i.e., those with employment off the farm amounting to 100 days or more per year. Part-time farmers thus represent a significantly enlarged proportion of the total farmers in the District.*



### PART-TIME AS PERCENT OF TOTAL





## Trend To Part-Time Farming

**M**ORE THAN ONE out of three farm operators in the Fourth Federal Reserve District operates on a part-time basis. Evidence of this is found in the 1954 Census of Agriculture which enumerated nearly 313,400 operators in the District, of whom approximately 35 percent reported off-farm employment of 100 days or more per year. Obviously an operator who is working virtually a third or more of the normal work days each year off the farm must adjust the farm enterprise to a part-time basis.<sup>(1)</sup>

Part-time operators, so defined, rose from 28 percent of total farm operators in the District in 1944 to 35 percent in 1954. This gain occurred concurrently with a 25 percent drop in the total number of operators.

At least two questions immediately arise. First, why have a greater proportion of the operators come to be engaged in off-farm employment? Second, to what may the sharp decline in total number of farm operators be attributed? The answer to both questions seems to stem from the fact that modern labor-saving equipment and methods used on the farm have enabled an operator to plan and execute the work on a larger unit than was formerly possible. Thus, in many instances, if the operator is to be fully employed he has the alternative of enlarging the existing farm enterprise (either through acquiring additional land or intensifying operations on the existing tract) or if this is impractical, continuing to operate

<sup>(1)</sup> Although there are more refined definitions of "part-time" farming, for the purpose of this discussion an operator is considered to be a part-time farmer if he reports 100 days or more of off-farm employment in any one year.

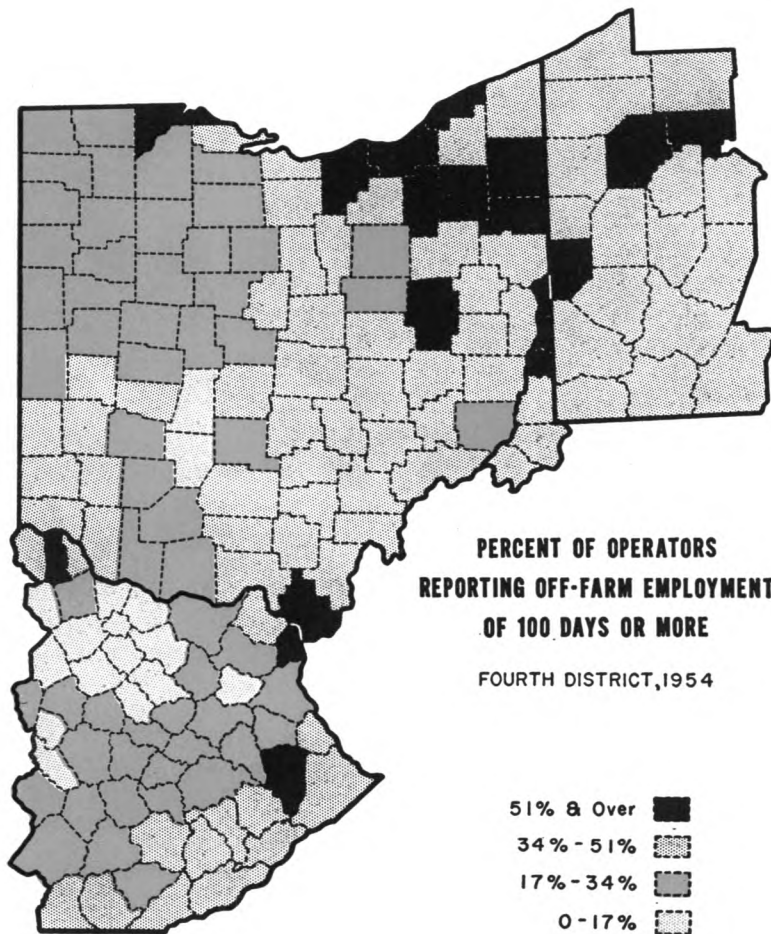
the existing tract in conjunction with some form of off-farm employment.

The availability of suitable off-farm employment is an important factor in determining the decision reached under circumstances just outlined. The rapid expansion of urban and industrial development in the Fourth District since the mid-forties has unquestionably had a significant influence on the number of farm operators who have engaged in employment off the farm, while continuing to operate their farm on a part-time basis. Moreover, the downward trend of farm income since 1951 has forced some to engage in off-farm employment as a means of supplementing income from the farm.

### Areas Affected

The percentage engaging in off-farm employment, as will be noted from the accompanying map, tends to be highest in those counties of the District where manufacturing, mining, forest-product industries, or a combination thereof, tend to dominate the economy of the area. Manufacturing industries, for example, provide much of the off-farm employment in such industrial areas as Cleveland, Pittsburgh and Wheeling. Elsewhere in Pennsylvania and West Virginia, and in eastern Kentucky, mining and forest-product industries rank high as sources of off-farm employment.

The lowest incidence of off-farm employment appears to be in the Central Bluegrass of Kentucky—an area where agriculture pre-



dominates. Most of the counties where the proportion of part-time operators is below the average for the District are concentrated in two belts, one of which is adjacent to the Central Bluegrass and the other of which lies in the northwest sector of Ohio. The dominance of agriculture in the economy of those counties, as well as in a few counties outside of such areas, presumably accounts for the relatively smaller proportion of the operators who engage in employment off the farm.

Even in those areas where agriculture predominates, it is not uncommon to find farms being operated on a part-time basis in conjunction with some other form of employment. Many prospective farmers have found that this

practice affords important supplementary income until such time as the farm enterprise can be built up to full capacity. Such supplementary employment is a decided asset, in many instances, as it permits the beginning farmer to accumulate the relatively large amount of required capital more rapidly than he could derive it from the farm enterprise alone, before the latter has been developed to full capacity. Similarly, in the more heavily industrialized areas, urban workers who have a desire to farm are following the same procedure as a means of establishing a farm enterprise.

In addition to those who are operating a farm on a part-time basis with the objective

of expanding into a full-time venture are many who have no such thought in mind. For them, conducting a part-time farm enterprise may represent a desire for employment supplementary to their regular occupation, which may be seasonal in nature. Many construction workers and others whose occupations tend to be highly seasonal engage in the operation of a farm on a part-time basis. For others, it affords an opportunity for productive employment of family labor. For still others, the attractiveness of outdoor work is the main factor. In the special case of agricultural educators, technicians, etc., part-time farming provides firsthand experience which is useful to them in their regular professions.

Family traditions and personal preferences may tend to retard the growth in part-time farming in certain areas, but, generally speaking, whenever the farm fails to provide an adequate return, the operator is apt to be attracted to some form of off-farm employment on a part-time, if not on a full-time basis.

### Most Recent Period

The complete transfer from farm to non-farm employment under circumstances of inadequate income was apparently one of the principal factors in the 25 percent decline in total number of farm operators in the ten years ended in 1954. The decline in total number of farm operators in the most recent Census period, 1950-1954, was 11 percent. (See table.) The sharpest drop occurred among the non-commercial farm group — a group which includes residential, public and private institutional farms and farms classified as part-time according to Census definition.<sup>(2)</sup>

The commercial farm group registered the smallest decline in number of operators between 1950 and 1954. Within the latter group, however, there is reason to believe that a much

<sup>(2)</sup> Farms with less than \$250 value of products sold are classified as "residential."

Part-time farms, according to Census classification, include those with value of products sold amounting to \$250-\$1,199 and operator either reporting 100 days or more of off-farm work or reporting other income exceeding value of agricultural products sold. (The foregoing concept apparently excludes a substantial number of commercial-sized farms where the operator works 100 days or more off the farm.)

## NUMBER OF FARM OPERATORS

Fourth District

	1954	Percent change from 1950
Noncommercial farms	118,587	-18%
Commercial farms	194,734	- 7%
Total farms	313,380	-11%
Working off-farm 100 days or more	109,740	- 2%

sharper decline occurred among the operators of commercial farms having a value of product sold of less than \$2,500 than occurred among those having a value of product sold in excess of that amount. For example, if the Ohio commercial farms are subdivided into two groups, namely, those having a value of products sold of \$2,500 or more, and those with a value of products sold of less than \$2,500, the decline in number of operators in the recent five-year period was less than one percent for the first group, as compared with a 23 percent decline for the second group.

It is worthy of note that despite an 11 percent decline in the total number of farm operators in the District in the recent period, the number reporting other employment of 100 days or more declined only 2 percent. In one state, namely, Ohio, the actual number of farm operators so employed in 1954 exceeded the number in 1950 by 5 percent. Moreover, the number reporting off-farm employment of 100 days or more in 1954 was over 12,000 more than the total number of noncommercial farms reported. This suggests that a substantial number of commercial farm operators were engaged in some form of off-farm employment.

### Outlook

The marked growth in the proportion of farm operators who engage in other employment while still continuing to operate their farms raises a question as to the probable future trend of the practice. At least two factors have exerted a strong influence during

*(Continued on Page 10)*

## Measuring Easter-Season Trade

**T**HE APPROACH OF EASTER is ordinarily felt by department stores well in advance of the actual date. In the past, the traditional shopping habits and sales promotions associated with the season have resulted in a typical rise of sales during the four weeks before the Easter date, followed by a short reaction immediately after Easter. This typical pattern of sales has been quite similar in different years, appearing as more or less superimposed on the slowly rising level of spring sales. However, due to the fluctuating date of Easter, any year-to-year comparisons of particular weeks requires allowances to compensate for the difference in Easter dates between one year and the next.

A review of the Easter seasons from 1947 to 1955 shows that department store sales generally began a pronounced rise in the fourth week before Easter, advancing approximately 17 percent to a peak in the week immediately preceding Easter Sunday. (Fourth Federal Reserve District. See accompanying chart.) In the week following, sales dropped off by 16 percent or 17 percent, but by the second post-Easter week, they again showed a gain of usually 8 percent to 10 percent. By the third week, sales no longer seemed influenced by Easter but were subject once more to the usual spring influences.

### Gauging the 1956 Easter Season

Since Easter in 1956 will fall one week earlier than it did in 1955, the usual year-to-

year comparisons of department store trade will not portray the performance of comparable weeks. For example, the year-to-year report for the week following Easter this year will be highly distorted insofar as comparison is made with the peak sales week of the year-ago season.

As a help in gauging the 1956 Easter shopping season, the accompanying table of allowances, to be applied to the regularly announced "percentage change" series, may be useful. (See Table 1.) Such allowances have been derived from a close study of the behavior of sales by Fourth District department stores

**Table 1**  
**WEEKLY ALLOWANCES FOR CHANGING DATE OF EASTER**

Department Store Sales, Fourth District

1956		Percent
Week Ending		
March	10	+ 6
	17	+ 5
	24	+ 5
	31	-0-
April	7	-19
	14	+ 5

To allow for the change in Easter dates, the weekly allowances should be subtracted algebraically from the percentage change figures shown on the weekly sales reports, H-8, for the Fourth District.

during the Easter seasons of the past fifteen years, with special weight given to the period since World War II. They were computed as part of the construction of weekly adjustment "factors" throughout the year, leading to the establishment of the seasonally adjusted weekly index of Fourth District department store sales, the current standing of which is published each week by this bank.<sup>(1)</sup>

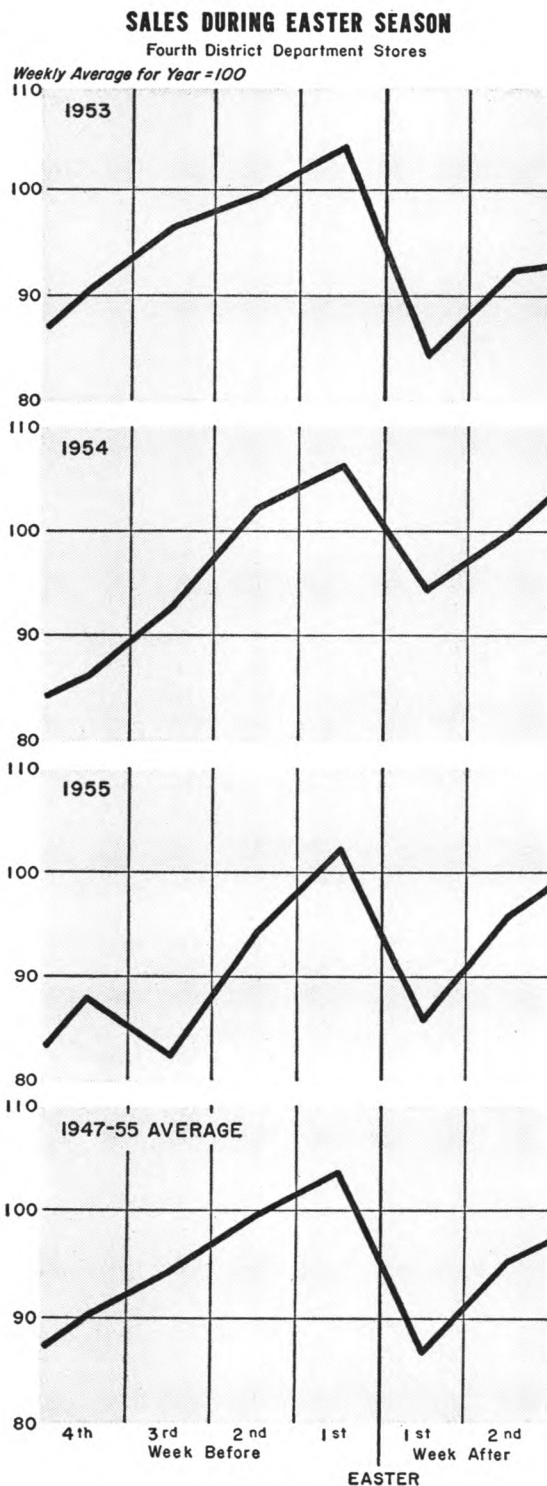
The procedure for using the method consists of subtracting algebraically the weekly allowances as listed in Table 1 from the year-to-year percentage comparisons as they are published. For example, if for the week ended March 10 the year-to-year percentage change should be a gain of 14 percent, the year-to-year change, corrected for Easter date, may be found by subtracting the weekly allowance figure, +6, algebraically from the published percent change, assumed as +14. Thus, the resulting percent change in sales from a year ago would be +8 percent, after allowance for the changed date of Easter.

Because of the usual pattern of Easter sales, a large minus figure is likely to be announced for the week ended April 7 of this year, the week immediately following Easter Sunday. As an example in this case, if the published figure for the week should be minus 15 percent, by applying the weekly allowance figure, -19, the corrected change for the week would be a gain of 4 percent from the year-ago week.

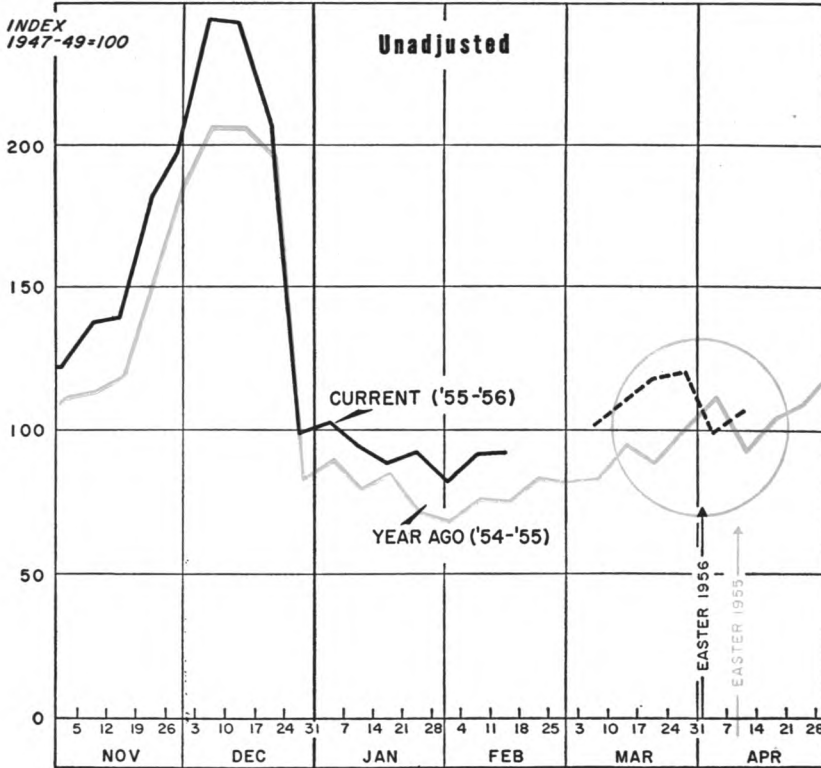
It may be surprising to note that Table 1 indicates that no allowance for the changed date of Easter need be made in connection with the year-to-year comparison for the week of March 31, which is the week before Easter this year and the expected peak of the season. The reason is as follows. The record shows that total Easter trade, as well as the sales figure for the peak week of the season, is slightly lower in years when Easter comes early than

(1) It follows that the reader who wishes to make proper allowance for the Easter date can accomplish this directly, in the case of Fourth District sales, by following the course of the seasonally adjusted weekly sales index. Such a procedure provides a short cut alternative to the "adjustment" or correction of the announced year-to-year changes.

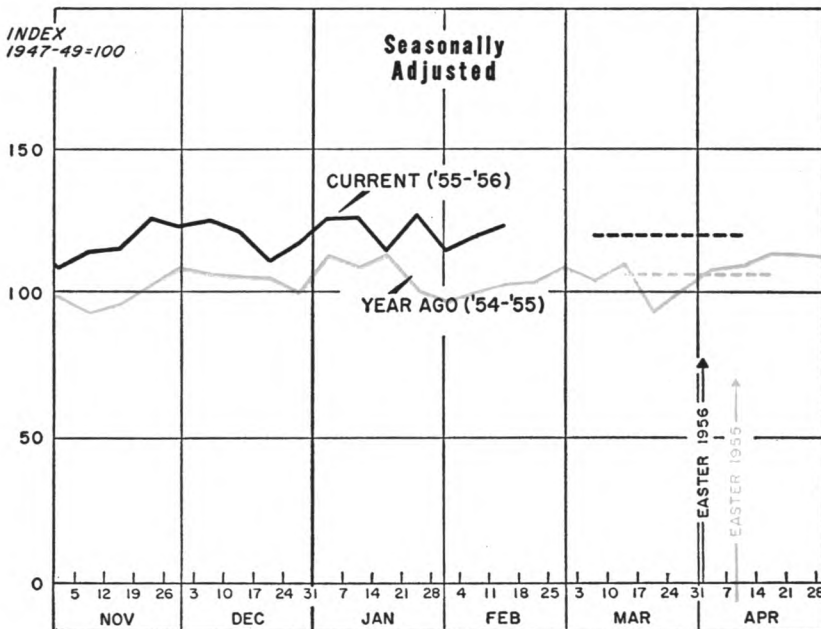
A detailed description of the method of computing the Fourth District seasonally adjusted weekly index is available on request to the Research Department, Federal Reserve Bank of Cleveland.



## FOURTH DISTRICT DEPARTMENT STORE SALES



The unadjusted index of weekly department store sales shows the high Christmas peak as well as the reduced level of sales in the early months of the year. The Easter shopping season marks an increase in the dollar volume of sales, although it is still well below November and December levels. The weekly level of sales needed in 1956 to be the equivalent of November-January is shown by the broken line.



The average level of seasonally adjusted sales since last November has been about 119 percent of 1947-49 average daily sales. To maintain this pace during the 1956 Easter shopping season will require the average sales level (seasonally adjusted) shown by the broken black line.

(Week-end dates on scale are from 1955-56 calendar.)



when it comes relatively late, at least in the Fourth District. For 1956, as compared with 1955, this consideration offsets the fact that sales are expected to be slightly higher in the final week before Easter than in the second week before Easter.

### Weekly Indexes

Additional perspective on Easter-season trade may be obtained from the accompanying chart which portrays recent behavior of the weekly sales index of Fourth District department stores—with and without adjustment for seasonal variation. The colored line depicts the course of weekly sales for November 1954 through April 1955, thus embracing both the Christmas and Easter trading seasons. The black line covers the same span of months for the 1955-56 period to date, with the index brought up to date through part of February, the latest available information at press time, and with the Easter season still lying ahead.

It is obvious from the upper segment of the chart, showing the unadjusted index, that the typical Easter bulge in sales is of relatively small magnitude when viewed against the overshadowing Christmas peak. On this account, it may be suspected that the marked public emphasis ordinarily given to news concerning the tempo of Easter-season trade is not completely justified by the magnitudes involved. Furthermore, there is evidence that the trend over the years has been in the direction of an increase in the relative share of the year's total represented by Christmas trade and a decrease in the share represented by Easter-season trade. That is the case, at least, in the Fourth Federal Reserve District.

### A Target for 1956 Easter Trade

The indexes shown on the chart, whether in the adjusted or unadjusted form, bring out quite clearly that the general level of sales during the early part of this year, as well as during the Christmas season just past, has been appreciably above the year-ago position. This raises the question of an appropriate

“target” or goal for the Easter season just ahead. Thus, instead of asking what sales would be required, during given weeks, to equal last year's Easter performance in general (as was the subject matter of Table 1) the following question might well be posed: What sales performance will be needed during the 1956 Easter season in order to maintain the level of seasonally adjusted sales which has characterized recent months, i.e. from November 1955 through January 1956? The answer to the question may be seen graphically by the broken black lines, plotted at the March and April positions on both the unadjusted and adjusted segments of the chart.

Table 2 shows how such a target works out in terms of year-to-year percentage changes in sales which would be needed during each of the six weeks of the Easter season in order to continue the November-January sales pace and, at the same time, maintain the normal pattern of Easter trade. For example, in the fourth pre-Easter week this year, District sales should be as much as 14 percent above the year-ago week in order to meet the target. For

**Table 2**  
**SALES INCREASES OR DECREASES**  
**OVER YEAR-AGO WEEK**  
 (Fourth District Department Store Sales)

1956 Week Ending	Required to Equal Pace of November-January in the Typical Eastern Pattern
March 10	+14
17	+ 9
24	+25
31	+11
April 7	-15
14	+ 9

the week ended March 24, 1956, the second pre-Easter week, District sales would need a year-to-year gain of 25 percent in order to maintain the typical Easter rise at the required level. The large gain for that week is required

because of the reduced level of sales in the year-ago week caused by the unusual snow-storm of that time.<sup>(2)</sup>

For the week ended April 7, the first post-Easter week, when a sizable decline in sales volume can usually be expected, District sales

(2) It should be noticed that the "targets" outlined at this point presuppose not only the stipulated level of Easter trade (i.e. the November-January seasonally adjusted pace) but also presuppose that the typical pattern of change occurs from week to week during the Easter season. Particular weeks when trade was unusually slow last year therefore require larger year-to-year percentage gains than weeks which showed a strong performance last year. The latter principle is not operative in Table 1, which is based entirely on seasonal adjustment factors in the changed calendar context, regardless of last year's specific performance.

could be 15 percent below the volume of the year-ago week (the peak sales week of the 1955 season) without impairment of "target" performance.

In conclusion, it should be emphasized that any of the adjustments, allowances, or "corrections" discussed above are merely approximations of behavior which can be reasonably expected on the basis of average experience in the past. Because the data apply only to Fourth District department stores, they should not be taken as representative of total retail trade either of the District or of the nation.

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## Part-Time Farming

*(Continued from Page 5)*

the recent period which may or may not have a corresponding influence in the future. First is the rapid urban and industrial development and the accompanying employment opportunities which have characterized most of the years since the war. Second is the decline in farm income which was a factor of some consequence, particularly since 1951. Obviously these two influences are subject to change.

Another factor which has enabled many operators to avail themselves of off-farm employment while continuing to operate their farm has been the increased application of technological developments in farming. This

will apparently continue, although the rate of application may vary, as it has in previous periods. Periods of rapid application of improved methods such as have prevailed in recent years tend to free more operators for off-farm work than periods when the rate of application is less rapid, as was the case prior to World War II. Altogether, it seems likely that the shift from farm to nonfarm employment will continue and that, at least for some years ahead, an increasing proportion of farm operators will engage in off-farm work to the extent that opportunities for such employment exist.

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# FOURTH FEDERAL RESERVE DISTRICT

