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THE FARM CRISIS:
A STATISTICAL LOOK AT A PERPETUAL PROBLEM

By

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Actual and Deflated Net Farm Income
Selected Years, 1910-1979.

<u>Year</u> ^a	<u>Operator Net Farm Income</u> ^b (million dollars)	<u>Consumer Price Index</u> ^c	<u>Real Net Farm Income</u> ^d (million dollars)
1910	3,984	29.0	13,738
1920	5,086	53.2	9,560
1930	3,023	43.1	7,014
1940	5,129	42.6	12,039
1950	14,121	73.8	19,134
1960	11,396	88.5	12,877
1970	14,359	115.8	12,400
1978	24,955	198.1	12,597

^a Average of 1910-1914, 1920-1924, and 1930-1934 for 1910, 1920, and 1930 respectively. All other years are three-year averages around the stated years.

^b Includes net cash income, non-money income, and total net investment minus value of perquisites to hired workers and net investments by non-operator landlords.

^c 1967 = 100.

^d Obtained by dividing operator net farm income by the consumer price index.

Sources: USDA, Economics and Statistics Service, Economic Indicators of the Farm Sector: Income and Balance Sheet Statistics, 1979, Statistical Bulletin No. 650, Washington, D.C.: 1980, page 84.

USDC, Bureau of Census, Historical Statistics of the United States, Colonial Times to 1970, U.S. Government Printing Office, Washington, D.C.: 1975, pp. 210-211.

USDC, Bureau of the Census, Statistical Abstract of the United States, 1980, (101st edition), Washington, D.C., 1980, page 487.

Production Expenses and Operators' Net Farm Income from Farming, Selected Years 1910-1979.

<u>Year</u> ^a	<u>Production Expenses</u>	<u>Operators Net Farm Income</u> ^b	<u>Ratio of Production Expenses to Net Farm Income</u>
	(million dollars)	(million dollars)	
1910	3,790	3,984	0.95
1920	7,318	5,086	1.44
1930	5,207	3,023	1.72
1940	6,968	5,129	1.36
1950	19,928	14,121	1.41
1960	27,714	11,396	2.43
1970	31,302	14,359	2.18
1978	103,234	24,955	4.14

^aAverage of 1910-1914, 1920-1924, and 1930-1934 for 1910, 1920, and 1930 respectively. All other years are three-year averages around the stated year.

^bIncludes income from machine hire and custom work beginning in 1950 and recreational income beginning in 1964.

Source: USDA, Economics and Statistics Service, Economic Indicators of the Farm Sector: Income and Balance Sheet Statistics, 1979, Statistical Bulletin No. 650, Washington, D.C.: 1980, pages 96 and 102.

Balance Sheet Components, as Percentages of Total Assets and Liabilities,
Selected Years 1940-1980¹

ITEM	<u>1940</u> (%)	<u>1950</u> (%)	<u>1960</u> (%)	<u>1970</u> (%)	<u>1980</u> ² (%)
<u>Assets</u>					
Physical assets:					
Real estate	63.5	57.7	65.3	68.5	73.0
Nonreal estate:					
Livestock & poultry	9.6	9.6	7.2	7.5	6.7
Machinery & motor vehicles ³	5.9	9.0	10.8	10.2	10.3
Crops stored on & off farms ³	5.1	5.6	3.7	3.5	3.7
Household equipment & furnishings	7.9	6.3	4.4	3.0	2.2
Financial assets:					
Deposits & currency	6.0	6.7	4.4	3.8	1.7
U.S. savings bonds	.4	3.6	2.2	1.2	.4
Investments in cooperatives	1.5	1.5	2.0	2.3	2.0
Total	100.0	100.0	100.0	100.0	100.0
<u>Liabilities</u>					
Real estate debt	66.0	44.8	48.8	55.0	52.2
Nonreal estate debt:					
Excluding ⁴ CCC loans	30.0	41.4	46.5	40.0	44.9
CCC loans	4.0	13.8	4.7	5.0	2.9
Total	100.0	100.0	100.0	100.0	100.0

¹Data for 50 States beginning with 1960.

²Preliminary.

³All crops on farms including crops under loan to CCC, and crops held off farms as security for CCC loans.

⁴Nonrecourse CCC loans secured by crops owned by farmers. These crops are included as assets in this balance sheet.

Source: U.S. Department of Agriculture, Economics and Statistics Service, Economic Indicators of the Farm Sector: Income and Balance Sheet Statistics, 1979, Statistical Bulletin No. 650, Washington, D.C., December, 1980, page 44.

FARM FINANCIAL CONDITION SELECTED CHARACTERISTICS

OHIO, 1978-1983

ITEM	1978	1979	1980	1981	1982 ^{1/}	1983 ^{2/}
% Equity	87	88	88	87	84	82
Equity (\$ billions)	23	27	31	32	27	25
Deposits and Cash (% millions)	441	257	184	198	183	175
Net Farm Income % of Gross	18	23	12	6	5	6
Net Farm Income % of Debt	20	25	14	6	6	7

^{1/} Preliminary

^{2/} Educated Guess

OHIO PCA'S: LOAN CLASSIFICATION

CLASS	'78	'79	TODAY '83
	(% OF LOANS)		
SATISFACTORY	94	90	80
SOME PROBLEMS (EASILY RESOLVED)	3	4	7
SERIOUS PROBLEMS (LIQUIDATE/RESTRUCTURE)	3	6	7
VERY SERIOUS (UNRESOLVABLE)	--	--	6

GENERALIZED FINANCIAL SITUATION

OHIO FARMERS

JANUARY 1983

50% ZERO DEBT

50% WITH DEBT:

3% UNSALVAGEABLE

2% CRISIS: UNLIKELY TO BE CARRIED BY CREDITORS

5% CRISIS: LIKELY TO BE CARRIED BY CREDITORS

15% CRISIS IF LOW PRICES PERSIST BEYOND '83 CROP

25% SURVIVORS

CRISIS CATEGORIES

1. PART-TIME FARMS
 - A. PRE-RECESSION
 - B. RECESSION

2. COMMERCIAL FARMERS
 - A. HIGH ROLLERS
 - B. NATURAL DISASTERS
 - C. A + B
 - D. POOR MANAGERS

Year ^a	FARMS WITH GROSS SALES						
	\$40,000 and over	\$20,000 to \$39,999	\$10,000 to \$19,999	\$ 5,000 to \$ 9,999	\$ 2,500 to \$ 4,999	Less Than \$ 2,500	All Farms
	(dollars)						
	<u>Net Farm Income Before Inventory Adjustments^b</u>						
1960	17,423	8,256	5,206	3,276	1,964	829	2,922
1970	22,363	10,231	5,747	3,175	1,664	890	4,696
1978 ^c	26,807	10,444	5,282	2,924	1,688	1,678	9,838
	<u>Off-Farm Income</u>						
1960	2,325	1,718	1,336	2,206	1,981	2,886	2,268
1970	4,840	3,420	4,242	5,530	6,296	7,530	5,975
1978	8,472	8,130	10,936	14,100	16,776	16,921	12,480
	<u>Total Income</u>						
1960	20,067	9,973	6,542	4,982	3,945	3,715	5,190
1970	27,202	13,651	9,989	8,705	7,960	8,421	10,671
1978	35,279	18,575	16,219	17,024	18,465	18,599	22,317

^aAll figures are three year averages around the stated year, except 1960 which is only for 1960 and 1961.

^bIncludes government payments, the value of farm products consumed in farm households, and the rental value of farm dwellings.

^cBased on the 1974 Census of Agriculture definition of a farm.

Source: U.S. Department of Agriculture, Economics and Statistics Service, Economic Indicators of the Farm Sector: Income and Balance Sheet Statistics, 1979, Statistical Bulletin No. 650, Washington, D.C., December, 1980, page 112.

Per Capita Personal Income of Farm Population and Farm Per Capita Disposable Income as a Percent of Nonfarm Per Capita Income, Selected Years 1940-1979.

<u>Year</u> ^a	<u>Per Capita Personal Income of Farm Population</u>			<u>Farm Per Capita Disposable Income as a Percentage of Nonfarm Per Capita Disposable Income (Percent)</u>
	<u>Farm Sources</u> ^b	<u>Nonfarm Sources</u> ^c (dollars)	<u>Total</u>	
1940	180	94	274	39
1950	633	275	908	60
1960	703	470	1173	53
1970	1341	1490	2831	74
1978	3640	3820	7460	95

^aAll figures are three-year averages around the stated year.

^bIncludes returns from farming operations to resident farm operators for their capital, labor, and management, after deduction of farm production expenses (there is no allowance in the item farm production expenses for a return on investment in farm capital). Also includes farm wages and other labor income received by hired farm-resident workers.

^cIncludes all income received by farm residents from nonfarm sources such as wages and salaries from nonfarm employment, nonfarm business and professional income, rents from nonfarm real estate, dividends, interest, royalties, unemployment compensation, and Social Security payments.

Source: U.S. Department of Agriculture, Economics and Statistics Service, Economic Indicators of the Farm Sector: Income and Balance Sheet Statistics, 1979, Statistical Bulletin No. 650, Washington, D.C., December 1980, page 89.

Real Level of Price Support, Corn, Soybean, and Wheat; and Real Level of Government Payments to Agriculture, U.S., 1934-1981.

Year ^a	Nominal Price Support ^b			Real Government Payments ^c	Consumer Price Index ^d	Real Price Support			Real Government Payments
	Corn	Soybean	Wheat			Corn	Soybean	Wheat	
	(\$1 bu.)			(million \$)		(\$1 bu.)			(million \$)
1935	\$.52	\$ -- ^e	\$ -- ^e	436	39.9	\$1.30	\$ -- ^e	\$ -- ^e	1,093
1940	.64	1.05	.75	720	42.6	1.50	2.46	1.76	1,690
1950	1.48	2.21	2.04	252	73.8	2.01	2.99	2.76	341
1960	1.13	2.00	1.79	959	88.5	1.28	2.26	2.02	1,084
1970	1.05	2.25	1.25	3,552	115.8	.91	1.94	1.08	3,067
1980	2.25	4.67	2.90	1,531	245.5	.92	1.90	1.18	624

^a Average of three years centered on the stated year.

^b National rates at which a loan could be taken from Commodity Credit Corporation.

^c Payments made to farmers for reducing production, disaster (drought, flood, etc.), and production incentives (such as National Wool payment).

^d 1967 = 100.

^e No loan rate was established by Commodity Credit Corporation.

Sources: Sandra McDonald, USDA, farm income sector, personal communication.

Ninety-seventh Congress, 2d Session, Joint Economic Committee, Economic Indicators, November 1982, 1982.

USDA, Agricultural Statistics, 1934, 1935, 1936, 1939, 1940, 1941, and 1981.

USDA, Agricultural Stabilization and Conservation Service, ASCS Commodity Fact Sheet;
"1979 Feed Grain Program," "1979 Soybean," and "1979 Wheat," January 1979, March, 1979,
and May 1981.

USDA, Economic Research Service, Economic Indicators of the Farm Sector: Income and
Balance Sheet Statistics, 1980, Statistical Bulletin 674, Washington, D.C.: 1981.

USDA, Economic Research Service, Feed Outlook and Situation, FdS-287, November 1982.

USDA, Economic Research Service, Wheat Outlook and Situation, WS-262, November 1982.

USDC, Bureau of Census, Historical Statistics of the United States, Colonial Times to
1970, U.S. Government Printing Office, Washington, D.C.: 1975.