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CC187 Agriculture in Nebraska's Economy

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Agriculture in Nebraska's Economy



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About Nebraska Agriculture

Did you know that

- 21% of Nebraska people live on farms.
- There are 90,223 farms and ranches in Nebraska. Average size is 529 acres.
- Farmers spent nearly a billion dollars for production expense in 1960.
- Farmers received 12% of the personal income in the state.

Agriculture is the state's largest business. It employed 32 percent of the state's labor force in 1960. Annual personal income of farmers, farm suppliers, and processors of farm products is \$710 million—or about 23 percent of all personal income in the state.

Nebraska is one of the nation's most important states in the production of agricultural products. It ranks:

- Third in cattle
- Third in corn
- Third in winter wheat
- Third in grain sorghum
- Fifth in alfalfa
- Seventh in hogs
- Fifth in sugar beets
- First in wild hay

This circular was prepared by Arlen Lutz, Dr. James Horner, John Muehlbeier, Dr. Howard Ottoson, Dr. James Stallings, and Ralston J. Graham, all of the University of Nebraska College of Agriculture.

NEBRASKA AGRIBUSINESS . . .

It Earns One Dollar in Four

In 1960, the sale of all farm products totaled 1 billion 183 million dollars.

Farmers spent nearly one billion dollars for production expense. After production costs were paid, farmers earned about 249 million dollars.

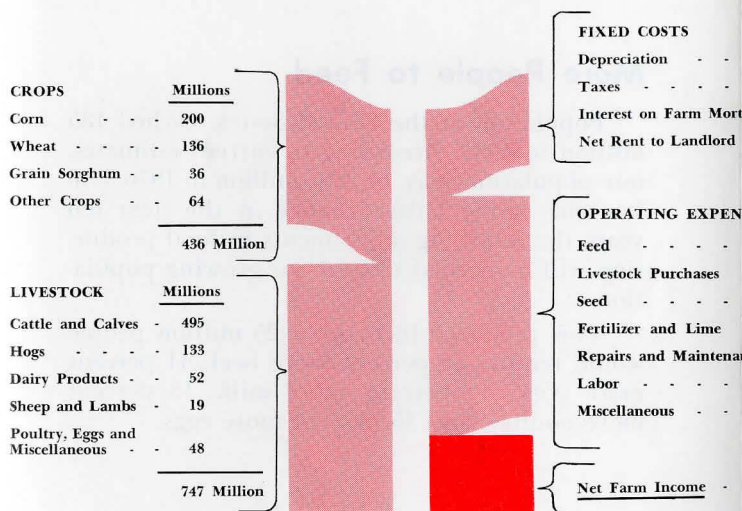
After adding the value of farm produce consumed by the farm family, rental value of the farm house, changes in inventory, and government payments, total farm income in 1960 was 370 million dollars.

The average Nebraska farmer had a net income of \$4,272 in 1960. This includes the return to his labor, the labor of his family, and to his capital investment.

Agribusiness, which includes farmers, processors, wholesalers, retailers and suppliers, accounts for 23 percent of all personal income in Nebraska.

Sale of Farm Products—1960

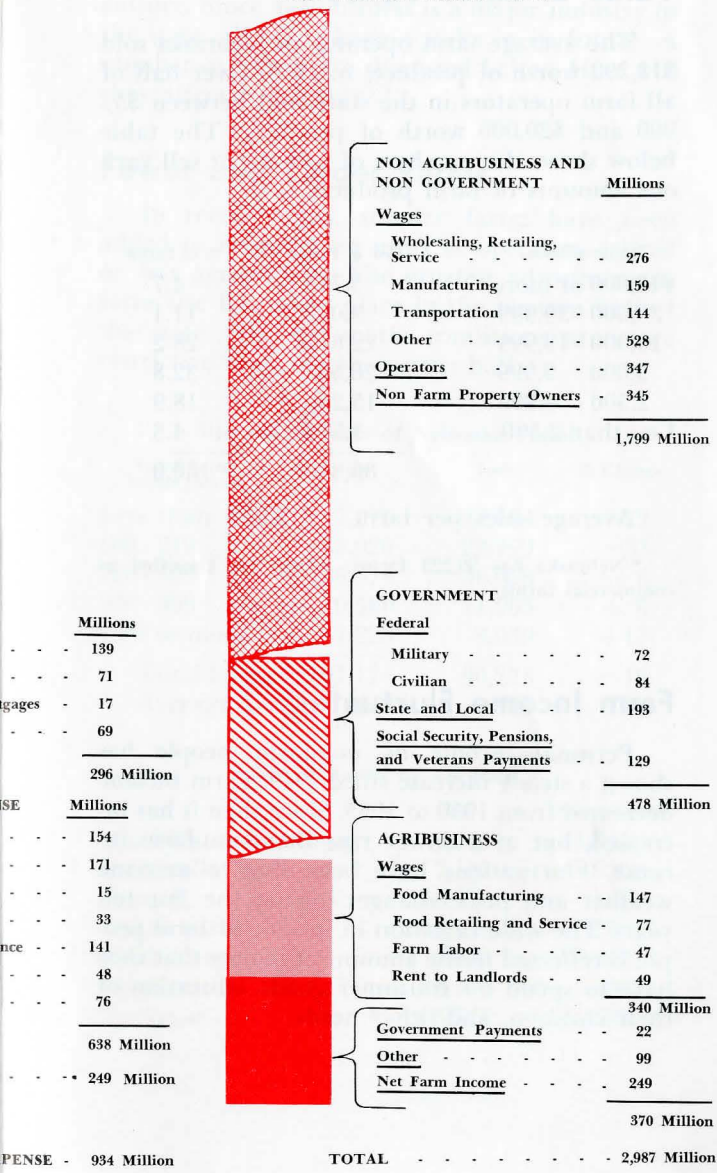
Production Expense—1960



TOTAL SALES - 1,183 Million

TOTAL PRODUCTION EXPENSE - 934 Million

Total Personal Income — 1960



Benefits to Consumers

Production efficiency on the farm has more than doubled in the past 20 years. In 1940 one farmer could produce enough for himself and 12 others—in 1960 one farmer produced enough for himself and 27 others.

What does this increased farm productivity mean to you as a consumer? It means your paycheck buys more food.

- The average weekly paycheck in 1960 bought twice as much food as in 1930.
- Eight hours' pay will buy this much more food than it did in 1947-49.

	1947-49	1960
Beef	15.2 lbs.	20 lbs.
Bread	76.8 loaves	80.8 loaves
Pork	17.6 lbs.	28.8 lbs.
Milk	52 qts.	64.8 qts.
Eggs	14.4 doz.	28.8 doz.
Apples	87.2 lbs.	100.8 lbs.
Potatoes	192.0 lbs.	232.0 lbs.
Peas	48.8 cans	79.2 cans

Why is food more expensive if farmers are more efficient?

In 1959 consumers spent 58.2 billion dollars at grocery stores. Of this amount, 38.4 billion (66%) went to processors, wholesalers and retailers; 19.8 billion (34%) went to farmers.

But most of us don't think in billions. Here's what increased marketing costs have meant to the average family food bill.

In 1958, the average family spent	\$1,065
In 1946, the average family spent	- 767
Increased costs—'46-'58	298
Increased marketing costs	- 268
Increased share to farmers	\$ 30

Change and

Many complex shifts are taking place in agriculture. Since agribusiness is a major industry in the state, all of us have a stake in its future. A number of trends are discussed below. How will they affect our future?

Fewer and Larger Farms

In recent years, smaller farms have been added to neighboring units as operators retired or left agriculture. The greatest adjustment in farm size has taken place in the western half of the state, where climatic conditions are more restrictive than in the eastern half.

Size and Number of Nebraska Farms

No. of Farms by size (Acres)	1950	1960	% Change
Less than 100	17,075	12,094	-29
100 - 219	33,920	22,799	-33
220 - 499	38,374	36,028	- 6
500 - 999	10,580	11,263	+ 6
1000 or more	7,225	8,039	+11
Total farms	107,174	90,223	-16
Average Acreage	442	529	+20

Size of Farms by Location

	No.	Average Acres
Sandhills & Ranching	9,127	1,745
Panhandle	7,531	779
Central	13,845	438
East Central	16,315	256
South Central	11,405	462
Northeast	13,175	199
Southeast	35,776	206

Challenge . . .

Value of Sales Varies

The average farm operator in Nebraska sold \$13,292 worth of products in 1959. Over half of all farm operators in the state sold between \$5,000 and \$20,000 worth of products. The table below shows the numbers of farms that sell various amounts of farm products.

Value of Sales	No. of Farms	% of Farms
\$40,000 or more	3,758	4.7
20,000 - 39,999	9,002	11.1
10,000 - 19,999	22,817	28.2
5,000 - 9,999	26,502	32.8
2,500 - 4,999	15,258	18.9
Less than 2,500	3,513	4.3
	<hr/> 80,850*	<hr/> 100.0

Average sales per farm \$13,292

* Nebraska has 90,223 farms; 80,850 are classified as commercial farms.

Farm Income Fluctuates

Personal income of non-farm people has shown a steady increase since 1949. Farm income decreased from 1950 to 1955. Since then it has increased, but at a slower rate than non-farm income. Fluctuations have been due to extreme weather and price changes during the last ten years. The wide variation in income of farm people is reflected in the amount of money that they have to spend for consumer goods, education of their children, and other needs.

Fewer Beginning Farmers

Entry into farming has become more and more difficult. Increases in investment capital needed to farm, along with increasing operating costs have limited the number of beginners.

This limited opportunity has decreased the number of farmers under age 25. In 1920 there were 7,218 farmers (5.7 percent) in this age group. Since then there has been a continuous decrease in the number of young farmers. In 1960 there were only 2,238 (2.5 percent) farmers under age 25.

There is an opposite trend in the number of farmers over age 45. In 1920, 21,786 (18 percent) of Nebraska farmers were over 45. By 1960 the number in this older age group had increased to 42,145. They made up 47 percent of all Nebraska farm operators.

More People to Feed

Population of the United States reached 185 million in 1961. According to current estimates, our population may be 210 million in 1970. Unless our eating habits change in the next ten years, the following adjustments in food production will be needed to feed our growing population.

This predicted increase of 25 million people would require 58 percent more beef, 41 percent more pork, 40 percent more milk, 18 percent more poultry, and 35 percent more eggs.