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Agriculture in Indiana's Economy

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AGRICULTURE IN INDIANA'S ECONOMY

EC-485

ANSWERING YOUR QUESTIONS ABOUT.....

Agriculture's Impact on Indiana Income

If Indiana's agricultural production increases by \$1,000 total economic activity over the long run in the state will increase by \$1,645. The initial increase of \$1,000 in agriculture generates an increase of \$215 from manufacturing and \$430 from trade and service sectors.

Agriculture's Impact on Employment in Indiana

The total number of people living on Indiana farms was about 233,000, or slightly less than 4.5 percent of the

state's population.

Some 217,000 persons work on Indiana farms. This includes 96,000 operators, 93,000 family members and 28,000 hired farm workers.

For each Indiana farm worker, two more workers are employed in the state in manufacturing and in trade and services to furnish farmers with materials needed to produce farm products, to process and deliver food and fiber products, and to sell consumer items. Table 4 shows a partial listing of this employment.

Table 4.

Type of business	Number of establishments	Sales (\$1,000)	Employment in 1972
Manufacturing			
Food and kindred products	615	2,764,700	37,000
Agricultural chemicals	47	198,200	1,900
Farm and garden machinery	65	220,100	5,400
Food products machinery	18	NA	700
Wholesaling			
Farm product raw material	664	1,539,010	4,672
Groceries	739	1,829,494	11,700
Farm machinery and equipment	203	197,870	1,380
Retailing			
Food stores	4,806	2,400,014	42,599
Eating and drinking places	8,342	904,181	73,853
Others			
Farm product warehousing	NA	NA	217
Agricultural credit institutions	NA	NA	223

Source: 1972 Census of Manufacturing, 1972 Census of Retail Trade, and 1972 Census of Wholesale Trade.

Each additional one million dollars of production from Indiana's farms creates employment for about 100 nonfarm workers in the processing and sale of food and in the manufacture and sale of farm equipment and supplies.

A \$100 increase in agricultural production tends to stimulate or require \$263 of production from Indiana nonfarm businesses. If net farm incomes increase \$100 from increased production, personal income of nonfarm Hoosiers tends to increase \$325.

Forest-Based Industry in Indiana

About 3.8 million acres are in forests and woodlands.

About 70 percent of the state's timber volume is produced in southern Indiana. Over 90 percent of Indiana's forests are privately owned.

The annual harvest of timber is about 300 million board feet, returning about \$35 million yearly to woodland owners.

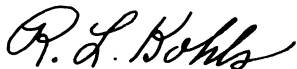
Indiana timber-based industry employed 48,000 in 1972 with a payroll of about \$350 million. In wood-based industries among the 50 states, Indiana ranks:

- 4th in household furniture manufacturing
- 4th in production of veneer and plywood
- 7th in general furniture and fixtures

"Agriculture in Indiana's Economy" is one of a series of pamphlets intended to provide Indiana's citizens with information about the agricultural food production, processing and marketing system which supplies our huge variety of safe and nutritious food on a daily basis.

How do you describe Indiana agriculture? Acres of farmland? Number of farms? Acres per farm? Investment in farmland and buildings? Value of products? Number of farm workers?

These dimensions plus agriculture's impact on Indiana's total economy can help you gain an understanding of one of Hoosierland's most important businesses.



R. L. Kohls
Dean of Agriculture

Agricultural Physical Plant

In 1977, there were 96,000 farms in Indiana, averaging 178 acres in size. These farms cover 17.1 million acres—73 percent of all land in the state.

Average value of farm land in 1977 was \$1,159 per acre. Total investment in land and buildings by Indiana farmers was about \$19.3 billion. Average investment in land and buildings per operating unit was \$215,000.

Agricultural Production

Although Indiana ranks only 20th in the amount of land farmed, it is a key state in terms of agricultural production. Among the 50 states, in terms of cash receipts for agricultural products, Indiana in 1977 ranked:

- 2nd in popcorn
- 3rd in hogs
- 4th in soybeans
- 3rd in corn
- 3rd in tomatoes for processing
- 6th in chickens
- 5th in eggs
- 5th in all crops
- 12th in all livestock
- 8th in all agricultural production

Agriculture pulls its weight in Indiana's economy.

In 1977, total Indiana farm marketing receipts exceeded \$3.2 billion.

Sale of livestock yielded about 39 percent of these receipts, while crops sales accounted for 61 percent.

Corn, soybeans, hogs and cattle are the heavyweights in generating cash farm receipts (Table 1).

Table 1. 1977 Cash Receipts

corn	\$1.002 billion
soybeans	719 million
hogs	555 million
cattle and calves	289 million

Exports

Almost \$1.00 of each \$3.00 of Indiana's agricultural production is sold to another country. In fiscal year 1977, Indiana's agricultural exports totaled \$1.319 billion. Corn, soybeans and wheat comprise most of these foreign sales with export values of \$563 million, \$364.5 million and \$80.6 million, respectively.

Agricultural Purchases

Production inputs on Indiana farms require massive expenditures. In 1977, these exceeded \$3 billion and included the following (Table 2):

Table 2.

*Expenditure (millions of dollars)	Item purchased
\$390	feed
88	livestock
126	seed
330	fertilizer & lime
341	repair & operation of capital items
163	hired labor
333	interest on farm mortgage debt
178	new buildings
88	tractors
65	trucks & automobiles
195	other machinery & equipment

*Preliminary estimates, Agricultural Statistics, Purdue University.

Farmers Are Consumers

Indiana farm families spent more than \$1.25 billion in 1976 in their role as consumers. These expenditures (Table 3) included:

Table 3.

Expenditure (millions of dollars)	Item purchased
\$221.7	food for home consumption
51.6	food away from home
173.5	housing—rent or mortgage payments
99.8	home furnish- ings & equip- ment
104.4	household operation
79.5	clothing
288.7	automobiles
97.5	automobile & maintenance
	repair
88.7	medical care