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What is a Farm?

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What is a Farm? 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.

Source of data: U.S. Dept. of Agriculture statistics.

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ABOUT FARMS & FARMING

EC-536

WHAT IS A FARM?

by R. L. Kohls, Department of Agricultural Economics



**PURDUE UNIVERSITY • COOPERATIVE EXTENSION SERVICE
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The 1978 Agricultural Census counted 88,458 farms operating in Indiana. One farm certainly is not the same as another. Diversity among farms is great.

It is common to classify farms by the amount of farm products sold from the operation. More than 40,000 Indiana farms, 46 percent of the total, received less than \$10,000 from sales of crops and livestock. A little arithmetic with today's prices will show these are truly small operations. Sales of 1,000 bushels of corn and 500 bushels of beans will bring in about \$7,500. A two-litter-a-year operation of eight sows will bring in a similar amount. These are not farms in any realistic sense. They are places of rural living.

Income statistics for this group emphasize this point. In 1979 this group of farms in the U.S. had family incomes averaging about \$21,550. About \$2,180 came from farming operations; \$19,370 came from a nonfarm job. This group, of course, contributes a very small amount to the agricultural output of the nation—less than 4 percent.

The remaining 48,000 Indiana farms represent a more realistic count. Even this group is diverse, as the following table indicates:

Annual agricultural sales	Number of farms	Percent of total
\$100,000 or more	8,521	18
\$ 40,000 to 99,999	14,028	29
\$ 20,000 to 39,999	12,436	26
\$ 10,000 to 19,999	12,984	27
	<u>47,969</u>	<u>100</u>

In 1979, this group of farm families had an average income of nearly \$29,500. About \$18,500, some 63 percent of the total, came from the farming operations. However, a surprising \$11,000 came from off-farm sources and work!

Even within this group of farmers, differences in average income were substantial:

Annual agricultural sales	Net farm income	Off farm income	Total family income
\$100,000 or more	\$47,827	\$13,398	\$61,225
\$ 40,000 to 99,999	19,553	8,647	28,200
\$ 20,000 to 39,999	10,489	9,792	20,281
\$ 10,000 to 19,999	5,398	13,174	18,572

The "big" farmers make two and three times the incomes of the other farmers. This group produces about 60 percent of the total agricultural output of the nation. And, even this group had substantial off-farm income. We know little concerning the off-farm income of farmers. However, it is probable that much of the off-farm income of this group comes from other investments rather than from actual employment elsewhere.

The lowest income group of these farm operations made less than a third of the income of the largest-income farmers. And, of the lower-income group, more than two-thirds of their income came from off-farm sources. This group, perhaps, belongs more with those who are living on the farm rather than farming for a living.

Gertrude Stein gained fame for her declaration that, "A rose is a rose is a rose!" Many folks also like to think "a farmer is a farmer is a farmer."

Rose growers know that Gertrude Stein was wrong about roses. Likewise, people should recognize the diversity of operations in what we call farming.

One thing is clear: We hear our urban friends talk of the necessity to be a two-job family in order to make a desired living. We can see that even in farming, the two-job operation is commonplace. Without other employment, many farm families would be hard-pressed indeed.