

While farm income has been increasing markedly during the past six years, production expenses have also increased. It is expected that these expenses in 1943 will be 174 percent of their 1938 level.

As a percentage of total expenditures, taxes and farm mortgage interest have steadily decreased. Operating expenses, however, increased at first and then decreased. Rent paid to landlords not living on farms increased quite consistently during the six-year period. The cost of hired labor decreased slightly and then increased.

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THE FARM INCOME SITUATION

#### Summary

The income from farm marketings of 1,383 million dollars for June 1943 was slightly under the revised figure of 1,400 million dollars for May. The income for June, however, was a considerable advance over the 1,070 million dollars for June 1942. Somewhat less than the usual seasonal decrease in receipts from livestock took place during June, while the income from crops dropped off slightly instead of increasing, as was generally expected. Government payments in June were 24 million dollars compared with 40 million in May 1943 and 42 million in June 1942.

Income from farm marketings plus Government payments for the first half of 1943 totaled 8,202 million dollars, compared with 6,215 million dollars for the same period in 1942. The returns from farm marketings alone amounted to 7,802 million dollars this year compared with 5,784 million dollars in the same period in 1942. Government payments of 400 million dollars were somewhat less than the 431 million dollars received last year. Cash receipts from crops in the period Jamuary through June 1943 were 45 percent higher than for the same period last year, while the income from livestock and livestock products was 31 percent greater. These unusual increases were brought about by the record crops of last year, a large part of which was marketed during the first half of this year. It is not expected, however, that the income during the second half of 1943 will be maintained at this relatively high level. A sharp rise in prices from May through December last year, combined with exceptionally large harvests, brought about a sharply rising income furing the summer of 1942 and early fall months which culminated in cash feturns for October 1942 of nearly 2 billion dollars. It is not likely that this situation will be repeated this year.

The income from food grains in June was 68 percent above the figures for May 1943 and June 1942, which were identical. This sharp rise was due mostly to the substantial advance in receipts for wheat as shipments of the new crop began to nove to market during the latter part of the month and prices were maintained at or slightly above the loan level. Returns from feed grains and hay turned downward for the month. One important reason for this was that the quantity sold in June of corn was only 45 percent of the amount wold in May. The income from oats, barley, grain sorghuns, and hay was maintained at a level somewhat higher than the May figure for these crops.

The drop in income from oil-bearing crops was not so great as generally expected. Returns from flaxseed were rather heavy as the new crop began to be marketed. The income from soybeans was considerably reduced as compared with May, but the volume of marketings was substantially greater than for the same month last year, and cash receipts were nearly four times the amount for June 1942.

While the income from tobacco in June was somewhat less than it was in May, the decrease was not as great as usual.

The cash receipts for vegetables were up more than usual over May. The seasonally adjusted income for truck crops for the month of June was 16 percent higher than in May 1943, but it was 74 percent higher than for the month of June 1942. Relatively heavy sales of potatoes were made at high prices, bringing about a greater than usual increase in cash receipts from this crop over the month of May.

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Table 1.- Monthly cash income from farm marketings, United State, with comparisons

Source of incomé	JanJune : 1942 :	1943	June : 1942 : Million	May 1943 1/ Million	June 1943 2/ Million
1	Million dollars	Million dollars	dollars	dollars	dollars
Income from farm marketings All crops Food grains Feed grains and hay Cotton and cottonseed Oil-bearing crops Tobacco Vegetables Fruits and nuts All livestock Meat animals Dairy products Poultry and eggs	130 343 192 67 74 430	7.802 2.423 199 439 267 180 116 667 369 5.379 2.782 1.391 1.104	1,070 286 25 49 9 12 2 83 92 784 395 222 132	1,400 399 25 66 27 43 5 129 70 1,001 487 269 216	1,383 398 42 47 4 28 3 143 118 985 466 279 205
Government payments	431	400	42	40	24
Total income including : Government payments	6,215	8,202	1,112	1,440	1,407

1/ Revised.

2/ Preliminary.

### Index numbers of income 1935 - 39 = 100

(Not incl	uding G	overnment	payments)		
Source of income	June 1942	: March : 1943	: April : 1943	: May : : 1943 1/ :	<b>June</b> 1943 2/
Income from farm marketings: Total income, unadjusted: Total income, adjusted 3/ All crops, adjusted: All livestock, adjusted: Meat animals, adjusted: Dairy products, adjusted: Poultry and eggs, adjusted : Income of industrial workers, : adjusted 4/	161.0 191.5 166.5 208.0 251.5 163.0 177.0 234.0	197.0 260.5 273.0 252.5 274.0 189.0 319.5 294.9	199.0 261.0 272.0 254.0 284.0 202.0 276.5 300.8	210.5 258.0 264.5 253.5 282.0 204.5 275.5 302.6	208.0 256.0 248.0 261.0 298.5 202.5 275.5
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1/ Revised.

2/ Preliminary.
3/ Adjusted for seasonal variation.
4/ Based on pay rolls of factory workers and railroad and mining employees, adjusted for seasonal variation. Revised June 1943.

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The income from fruits and muts increased 69 percent over May of this year and 28 percent over June of 1942.

The increase in income from livestock and livestock products was about the same as the usual seasonal advance, but a 26 percent increase over June 1942 took place. The seasonally adjusted income for eggs was up 51 percent over June 1942 and the **income** for poultry showed an increase of 101 percent over June of last year.

-- July 28, 1943

## Increases in Cash Income for United States Slightly Less than Usual from April to May, Receipts Up Sharply for First 5 Months

While cash income from farm marketings for May showed substantial increases over April in nearly all commodity groups, the advances were a trifle smaller than usual, with the exception of the increase in returns from the sale of dairy products which was slightly greater than ordinarily takes place. In comparison with May 1942, income was up from 31 percent in the North Atlantic region to 55 percent in the South Atlantic region. For the country as a whole, there was an increase of 41 percent. All States showed increases over a year ago, ranging from 4 percent in Alabama to 156 percent in Delaware.

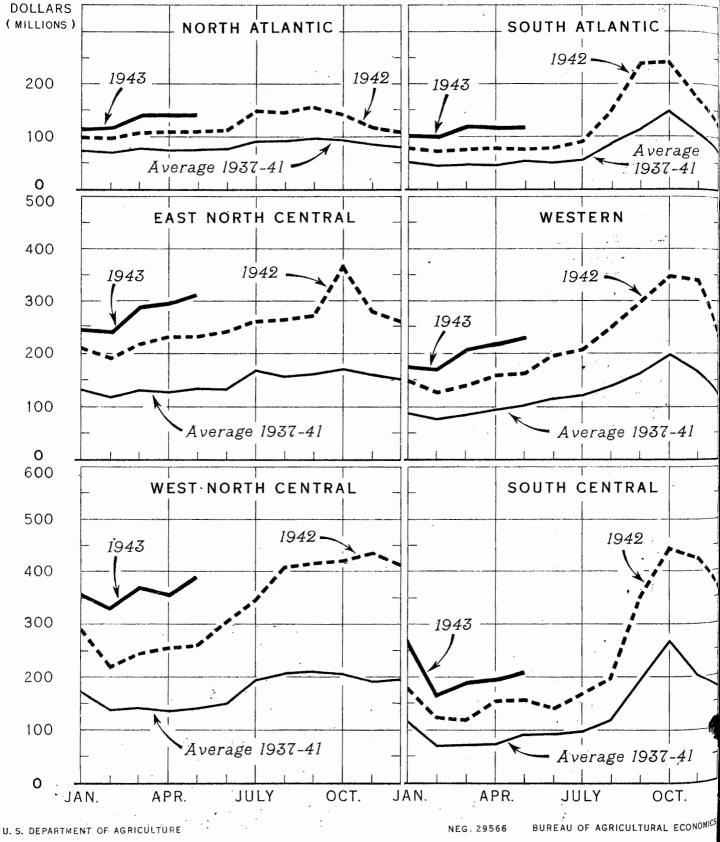
Income rose more than usual from April to May in the North Atlantic, East North Central, West North Central, and Western regions. In the North Atlantic region this was due largely to sharp increases in receipts from poultry and eggs, vegetables, and fruits. In the East North Central region substantial increases took place in receipts from all commodity groups. Nearly all commodities made marked advances in the West North Central region also, but increases were greatest for oil-bearing crops and bread grains. In the Western region, the largest increases took place in vegetables and cotton.

For the period January through May, income rose 36 percent above last year. Returns from crops were 46 percent higher than in 1942 and receipts from livestock were 32 percent greater. The smallest increase occurred in the North Atlantic region where, in spite of substantial advances in receipts from vegetables, poultry and eggs, and meat animals, the income from dairy products has been relatively uniform. The largest increase took place in the South Atlantic region where income from poultry and eggs advanced 79 percent and receipts from vegetables were up 56 percent. Wyoning was the only State where income for this 5-month period in 1943 was less than in the corresponding months of 1942. The decrease in this State was due to relatively small receipts during the early spring months for sheep and lambs. The largest increases occurred in Delaware, North Dakota, South Dakota, Nebraska, and Kansas. The 126 percent advance in receipts from broilers in Delaware during

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the first 5 months of this year was largely responsible for raising the total income to 4 percent above last year, while the sharp increases which took place in the returns from all crops in the four states on the western side of the West North Central region raised the receipts to an average of 59 percent above last year.

### North Atlantic Region

Income from farm marketing in this region was 31 percent higher in May 1943 than in the same month in 1942. A 56-percent increase in income from poultry and eggs contributed substantially to this rise. The income from dairy products was up 10 percent while that from meat animals increased 45 percent. The returns from vegetables showed a 60 percent increase over last year while fruits were up by 117 percent. Crops as a whole increased 42 percent and livestock 28 percent.

For the first 5 months, total farm marketings were 24 percent higher this year than last, the smallest percentage increase for any region. Income from crops increased 26 percent and returns from livestock were 23 percent higher. Large increases took place in returns from tobacco, vegetables, fruits, and poultry and eggs for this period. The increases in income ranged from 38 percent in Connecticut and 35 percent in Maine to 18 percent for Vermont.

### East North Central

Total farm marketings in this region were 35 percent greater for May 1943 than for the same month in 1942. The income from crops was 49 percent higher and the returns from livestock were 32 percent greater. The largest advances were made in feed crops, oil-bearing crops, and meat animals. Indiana showed an increase of 72 percent in the value of marketings from crops over last year while Ohio had an increase of 67 percent. In both States there were substantial increases in incomes from the sale of grains and soybeans.

For the period January through May, total farm marketings were up 28 percent over last year. Returns from crops showed an increase of 32 percent and income from livestock increased by 27 percent. The largest increases were in income from feed crops, oil-bearing crops, vegetables, meat animals, and poultry and eggs.

#### West North Central Region

Income in the West North Central region during May was 50 percent above the same month in 1942. Returns from crops showed an increase of 103 percent while livestock was up 44 percent. Income from feed crops, meat animals, and poultry and eggs was high in all parts of the region while receipts from bread grains were up substantially in North Dakota, South Dakota, Nebraska, and Kansas. Income from strawberries showed a marked advance in Missouri.

Total returns for the first 5 months of the year were 42 percent higher than for the same period in 1942. In South Dakota, Kansas, and North Dakota returns from crops were more than twice as large as in January-May 1942, while income from livestock was more than 30 percent higher in every State. Increases in total income ranged from 67 percent in North Dakota to 31 percent in Minnesota.

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### South Atlantic Region

Income was 65 percent greater in this region for May 1943 than for May 1942. The returns ranged from 6 percent higher in Georgia to 156 percent higher in Delaware. Income from crops in Georgia was only about 70 percent of the unusually large income in May 1942. In Delaware, cash receipts were greatly increased by an expansion of the broiler business. Returns from vegetables and from poultry and eggs were heavy in all States, and Maryland showed a 145 percent increase in income from tobacco.

For the first 5 months, total income was 48 percent greater than for the same period last year. This increase was larger than in any other region. Returns from crops were up 50 percent while income from livestock showed a 46-percent increase. Cash receipts from poultry and eggs for the 5 months were considerably above last year, particularly in the northern part of the region. Returns from vegetables were heavy in the four Southern States.

#### South Central Region

Total income for the South Central region in May 1943 was 33 percent higher than in May 1942. Returns from crops showed an increase of 42 percent while receipts from livestock were up 28 percent. Substantial advances were made in income from nearly all commodity groups. Returns from cotton in Mississippi were about three times as great as last year, and receipts from vegetables in Louisiana were two and one-half times as large as in May 1942. Income from vegetables was up substantially in Texas, and the return from the strawberry crops in Tennessee, Alabama, and Arkansas was more than twice as great as last year. The increase of 48 percent in income from poultry and eggs was larger than for any other comparable group of livestock products and all States shared in the increase.

Income for the 5 months, January through May, was 40 percent above the level for the same period in 1942. Receipts from tobacco in Kentucky and Tennessee were 68 percent higher than in 1942, and the returns from cotton were 43 percent greater in the region as a whole. Returns from oil-bearing crops, from vegetables, and from livestock and livestock products were substantially greater. These increases in receipts were quite uniformly distributed in the region with the exception of Louisiana, where a sharp drop in income from meat animals resulted in total returns from livestock 14 percent below January-May 1942.

### Western Region

Income for the Western region in May was 42 percent higher than in May in 1942. Receipts from crops were 56 percent greater while returns from **livestock** were 33 percent higher. An 86-percent increase in income from, vegetables and a Weppercent increase in returns from meat animals contributed greatly to these changes. Income from all commodity groups in California was higher in May 1943 than in the same month in 1942, receipts from vegetables being nearly twice as high. The increases in income in the various States ranged from 56 percent in California and 52 percent in Colorado to 7 percent in Wyoming and 19 percent in Idaho and Oregon. FIS-42

Income for the 5-month period, January through May, was 36 percent above the receipts for the same period last year. In Wyoming total income from marketings was 4 percent below the very high level in January-May 1942. In New Mexico, Colorado, California, Arizona, and Montana income was running 40 percent or more ahead of last year, while the increases in other States ranged from 18 percent in Oregon to 33 percent in Washington.

Income from crops was sharply higher in all States except Idaho, where income from potatoes was unusually high in January-May 1942. Returns from livestock were sharply higher in New Mexico and Colorado and were up moderately in all other States except Wyoming, where there was a 10-percent decrease.

## Estimates of Farm Income and Expenditures for 1943

It appears that the total cash income from farm marketings for the calendar year 1943 may be about 19 billion dollars, or the greatest in the history of American agriculture. It will be more than 20 percent above the 15.5 billion dollars received by farmers for their products last year, 30 percent more than the cash income in 1919, the high point in the previous war, and about four times the figure for the depression year 1932.

Production expenses will also be high this year but the prospects are that the increase over last year will be only 10 to 12 percent. This would bring total expenditures up to about 10 billion dollars.

It is expected that the value of the products consumed on farms and the rental value of dwellings will follow cash income upwards. Government payments will be less than last year. On this basis, gross income will probably be around 22-1/2 billion dollars. With the deduction of the 10 billion dollars for expenditures, a net income to operators of about 12-1/2 billion dollars is left, compared with 9-1/2 billion in 1942.

#### NONFARM INCOME OF FARM POPULATION

It is well known that farm people receive income from nonfarm sources. Many studies in recent years have furnished data on a limited basis but estimates of such income on a national basis and for a series of years have not hitherto been available. In the accompanying table the Bureau of Agricultural Economics presents tentative figures for the 1935-39 average and for the years 1940 to 1942.

The principal starting point for these estimates was an unpublished study of income to farm operators and to other farm residents in 1934. Yearto-year changes in labor income since 1934 were based on changes in wage rates, as indicated by the composite wage rate index of the Federal Reserve Bank of New York, and changes in employment. The change in employment from year to year was estimated from the index of nonagricultural employment and from Census of Agriculture data regarding the number of days worked off their farms by farm operators. Variations in income to farm people from nonfarm business and investments were assumed to be the same as the fluctuations in the combined total of interest, rents, and royalties in the national income.

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Distribution of national income between the farm and nonfarm population. United States, 1935-39 average and 1940-42

Item	Unit	1935-39:	1940		1942
Income of farm population: Agricultural 1/ Nonagricultural 2/ Total	1 11	1 1 1	5,365	7,471 2,700	11,288 3,200 14,488
Per capita	Dollars	240	257	339	499
Income of nonfarm population: Nonagricultural <u>3</u> / Agricultural <u>4</u> / Total		1,140	1,153	81,562 1,405 82,995	
Per capita	Dollars	604	699	809	993
National income total	Million dollars	66,321	78,481	93,166	118,609
Per capita	Dollars	516	59 <b>7</b>	702	885

1/ Net income from agriculture to persons on farms. This includes realized net income of farm operators, wages paid to farm laborers living on farms, and the value (at year-end prices) of changes in inventories.

2/ Wages from nonfarm employment usually account for about 80 percent of this and income from investments around 20 percent. Because of the tentative nature of the estimates, these figures have been rounded to the nearest 100 million dollars. 3/ Total nonagricultural income minus nonagricultural income received by the farm population (footnote 2). It should be noted that in the calculation of parity income all of the nonagricultural income is credited to the nonfarm population.

4/ Wages paid to farm laborers not living on farms plus interest on farm mortgages plus the net income of the nonfarm population from farm rents.

	CROPS		LIVESTOCK AN		TOTAL		
STATE			Ма		Ма	у	
	1942	1943	1942	1943	1942	1943	
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	
Maine	2,546	2,079	2,894	3,732	5,440	5,811	
New Hampshire	249	322	1,918	2,475	2,167	2,797	
Vermont	1,095	723	4,610	5,591 7,899	5,705	6,314 15,861	
Massachusetts	5,082 161	7,962	5,608 794	7,899 995	10,690 955	1,149	
Connecticut	1,083	1,197	4,158	5,979	5,241	7,176	
New York	5,758	8,596	30,425	36,988	36,183	45,584	
New Jersey	3,629	5,684	7,258	- 8,958	10,887	14,642	
Pennsylvania	6,071	9,778	25.265	33,440	31,336	43,218	
North Atlantic	25,674	36,495	82,930	106.057	108.604	142,552	
Ohio	7,055	11,767	36,766	49,291	43,821	61,058	
Indiana	6,417	11.065	34,674	46,369	41,091	57,434	
Illinois	20.063	28,622	52,442	68,941	72,505	97,563	
Michigan	5,117	6,573	21,935	27.965	27.052	34,538 60,407	
Wisconsin	1,748	2,205	44,229	58,202	45,977		
East North Central	40,400	60,232	190,046	250,768	230,446	311.000	
Minnesota	4,878	6,425	44,717	60,104	49,595	66,529	
Iowa	11,319	21,838	77,861	115.429	89,180	137,267	
Missouri	2,303	5,516.	33,567	46,831	35,870	52,347	
North Dakota	3,093	6.766	7,482	9,355	10,575	16,121	
South Dakota	1,201	3,452	12,289	19,242	13,490	22,694 49,065	
Nebraska	2,282 3,320	6,726 7,043	28,219 27,289	42,339 39,455	30,501 30,609	46,498	
West North Central	28,396	57,766	231,424	332,755	259,820	390,521	
Delaware	1, 193	1,420	2, 197	7,243	3,390	8,663	
Maryland	3,844	7,070	5,208	8,073	9,052	15,143	
Virginia	3,885	5,863	6,893	11,020	10,778	16,883	
West Virginia	510	501	2,845	4,845	3,355	5,346	
North Carolina	6,388	10,409	5,477	7,581	11,865	17,990	
South Carolina	6,570	8,323	2,364	3.657	8,934	11,980	
Georgia	5,724	3,945	4,046	6,460	9,770 18,655	10,405	
Florida	16,693 <b>44.</b> 807	27,636	1,962	3,297 52,176	75,799	117,343	
					13,397	19,736	
Kentucky	2,218 3,461	2.658	11,179 9,941	17,078 14,583	13,402	20,957	
Alabama	8,503	7,582	3,512	4,860	12,015	12,442	
Mississippi	4,749	11.749	4,141	6,943	8,890	18,692	
Arkansas	12,581	12,977	7,119	8,561	19,700	21,538	
Louisiana	5,060	9,778	3,638	4,730	8,698	14,508	
Oklahoma	2,350	3,173	15,866	18,741	18,216	21,914	
Texas	13,495	20,255	48,717	58,053 133,549	62.212 156.530	78.308 208.095	
	52,417						
Montana	2,318	2,953	4,988	6,010	7.306	8,963	
Idaho	4,136	4,801	6,633	8,061	10,769	12,862	
Wyoming	259 1,575	365 3,119	3,990 10,443	4,181 15,204	4,249 12,018	18,323	
New Mexico	1, 575	1.077	3,403	4,872	4,644	5,949	
Arizona	2,948	3,250	3, 198	5,115	6,146	8,365	
Utah	447	378	4,249	5,730	4,696	6,108	
Nevada	91	140	936	1,201	1,027	1,341	
Washington	7,507	8,954	9,880	13,165	17,387	22.119	
Oregon	1,886	2,461	8,703	10,130	10,589	12,591	
California	44,503	76,780	38,430	52,264	82,933	129.044	
Western	66,911	104.278	94,853	125.933	161,764	230.211	
U. S. Cash Income	258,605	398,484	734,358	1,001,238	992,963	1,399,722	

Table 2. - Cash income from farm marketings, by States, May 1942-43

	CROPS		LIVESTOCK AND LIVESTOCK PRODUCTS		TOTAL	
STATE	January-May		Januar	y-May	Januar	y-May
	1942	1943	1942	1943	1942	1943
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Maine	24,670	34,136	12,800	16,326	37,470	50,462
New Hampshire	2,448	2,397	8,715	11,496	11.163	13,893
Vermont	5,550	5,861	20,165	24,509	25,715	30,370
Rhode Island	11,504 894	16,180 901	25,759	33,305	37,263 4,439	49,485
Connecticut	7,850	12,103	19,877	26,269	27,727	38,372
New York	48,880	59,422	134,277	161,639	183,157	221,061
New Jersey	10,579	13,352	34,483	40,814	45,062	54,166
Pennsylvania	34,070	40,852	116,845	145,392	150,915	186,244
North Atlantic	146,445	185,204	376,466	464,207	522,911	649,411
Ohio	39,550	55,165	156,638	200,964	196,188	256,129
	31,671	47,600	155.084	200,979	186,755	248,579
Illinois	98,167	124,422	246,142	314,206 121,001	344,309 132,412	438,628
Michigan	36,708 16,735	48,589 17,426	95,704 203,246	252,786	219,981	270,212
East North Central	222,831	293,202	856,814	1,089,936	1,079,645	1,383,138
Minnesota	30,948	39,705	211,079	277,047	242,027	316,752
Iowa	64,921	95,153	379,197	514,900	444,118	610.053
Missouri	17,677	29,734	146,677	193,098	164,354	222,832
North Dakota	18,609	39,727	32,310	45,243	50,919	84,970
South Dakota	8,145	19,637	60,822	89.732	68,967	109,369
Nebraska	22,157	42,719	129,132	194,144	151,289	236,863
Kansas	19,332 181,789	43,461 310,136	128,889 1,088,106	184,935	148,221 1,269,895	228,396 1,809,235
Delaware	2,722	3,133 11,933	15,450 28,017	30,302 39,819	18,172 36,013	33,435
Maryland	7,996 20,007	31,359	35,749	52,789	55,756	84,148
West Virginia	3,665	4,953	12,780	19,203	16,445	24,156
North Carolina	31,878	51,063	28,544	37,528	60,422	88,591
South Carolina	16,971	25,956	15,906	18,687	32,877	44,643
Georgia	22,484	28,229	22,864	33,557	45,348	61,786
Florida	97,826 203,549	147,953 304,579	12,531 <i>171,841</i>	19,668 251,553	110,357 375,390	167,621
Kentucky	43,116	70,925	45,305 43,210	64,944 61,989	88,421 73,399	135,869
	30,189 22,894	41,812 21,521	18,240	29,100	41,134	50,621
Mississippi	26,899	42.779	19,669	28,028	46,568	70,807
Arkansas	38,337	47,185	35,667	41,740	74.004	88,925
Louisiana	28,474	39,049	23,269	19,901	51,743	58,950
Oklahoma	20,909	29,292	65,638	87,611	86,547	116,903
Texas	93,628	141,524	174,710	252,522	268,338	394.046
t i	304,446	434,087	425,708	585,835	730,154	1,019,922
Montana	10,961	18,926	25,122	31,690	36,083	50,616
	23,246	27,198	29,189	35,617	52,435	62,815
Wyoming	2,889	3,889 24,686	18,133 48,989	16,380 65,908	21,022 62,862	20,269
	13,873 7,403	11,676	13,015	18,419	20,418	30,095
Arizona	27,865	44,577	17,788	20,254	45,653	64,831
Utah	3,307	4,255	20,581	26,201	23,888	30,456
Nevada	796	1,367	6,242	7.226	7,038	8,593
Washington	37,616	52,379	41,519	53,232	79,135	105,611
Oregon	14,070	18,884	35,419	39,593	49,489	58.477
California	184,316	289,746	153,637	189,009	337,953	478,755
Western	326,342	497,583	409,634	503,529	735.976	1,001,112
U.S. Cash Income	1,385,402	2,024,791	3,328,569	4,394,159	4,713,971	6,418,950

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Table 3. - Cash income from farm marketings, by States, January-May 1942-43

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