

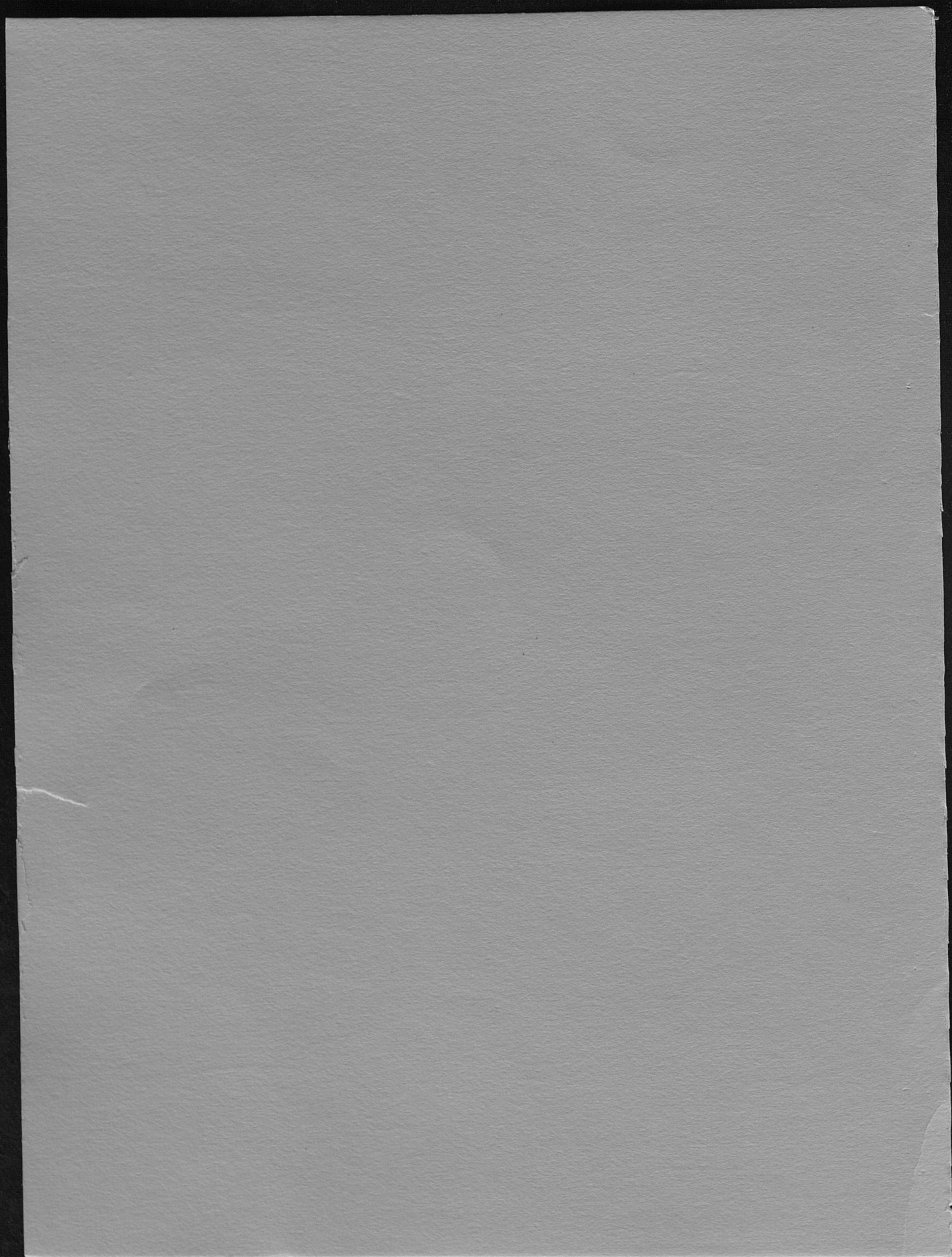
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*KENTUCKY  
FARM INCOME  
1929-54*

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## KENTUCKY FARM INCOME 1924-54

By Milton Shuffett

During 1924-54 cash receipts from farm marketings in Kentucky varied from a low of 78 million dollars in 1933 to a high of 620 million dollars in 1951. Cash receipts from farm marketings averaged 288 million dollars per year during this period.

The relative importance of livestock and crops to total cash farm income did not change appreciable (Fig. 1). Of the 31 years between 1924

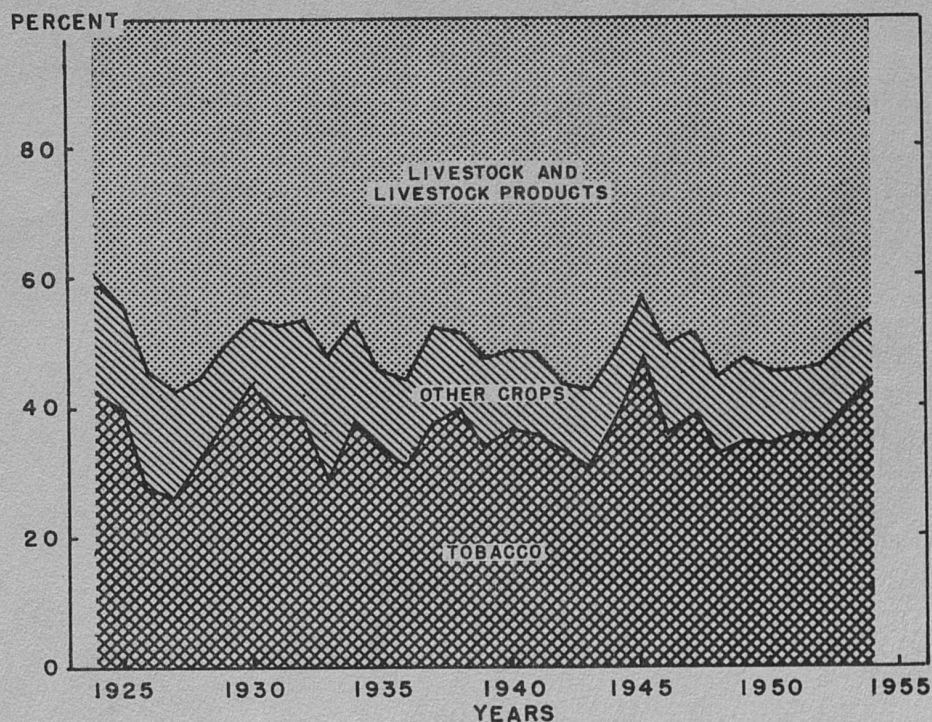


Fig. 1. - Percentage of Total Cash Receipts from Tobacco, Other Crops, and Livestock, Kentucky, 1924-54.

and 1954, income from livestock exceeded that from crops in 18 years, while income from crops was greater than that from livestock in 13 of the years. Each averaged 50 percent of the total during 1924-54.

Figure 2 shows the cash income from farm marketings by sources for selected periods from 1924 to 1953 and for 1954. Tobacco was the most important source of cash farm income throughout this period, accounting for an average of 107 million dollars per year and 37 percent of the total during 1924-54. The second most important source of cash farm income was meat animals, averaging 92 million dollars per year during this period.

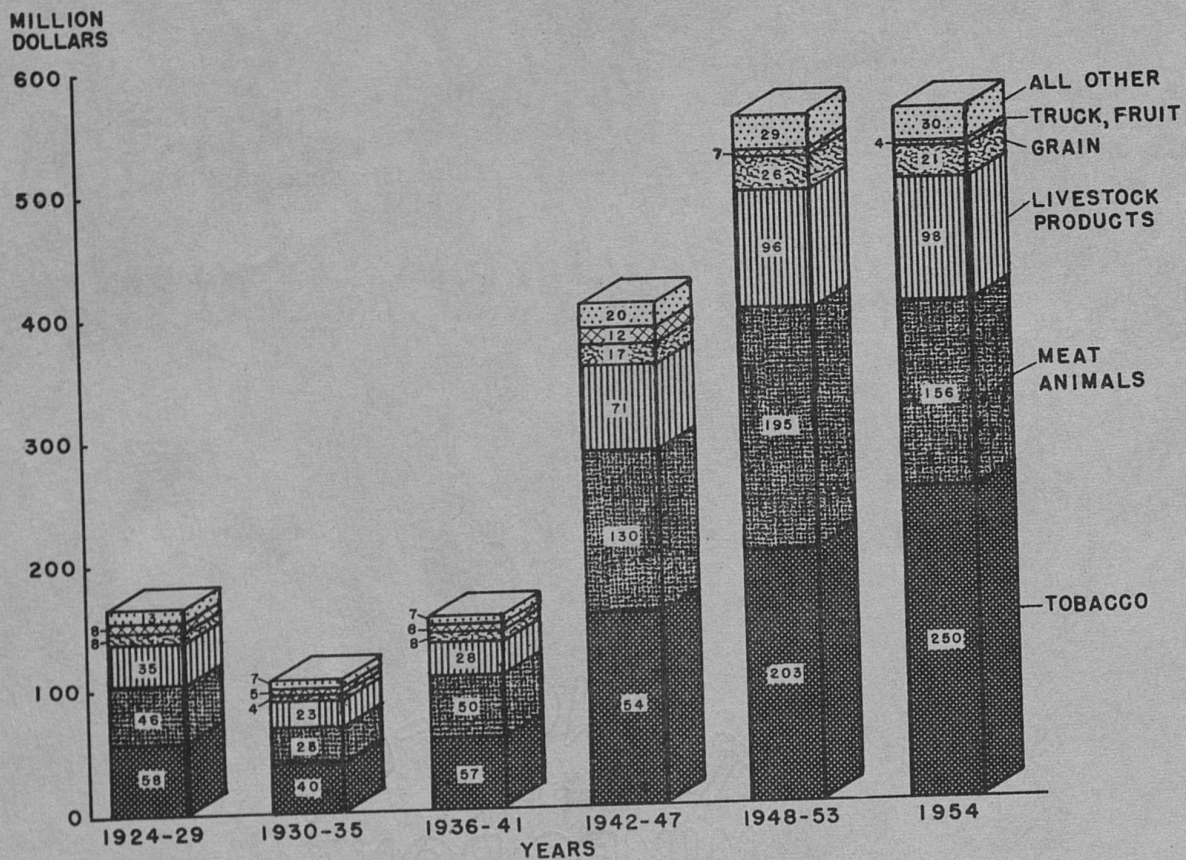


Fig. 2. - Cash Farm Income by Sources, Kentucky, Selected Periods 1924-53 and 1954.

#### Changes in Sources of Farm Income

Although the proportion of cash income received from sales of crops and livestock changed relatively little over the period, some important changes in income sources occurred within the broad categories of crops and livestock (Tables 1 and 2).

The proportion of total livestock income received from the sale of cattle and calves increased. Dairy products and hogs contributed a fairly constant proportion of total income from livestock and livestock products, while the proportion of total livestock income from sheep and lambs

Table 1. - Percentage of Total Cash Farm Income from Livestock and Livestock Products, by Sources of Income, 1924-1954.

	1924- 29	1930- 35	1936- 41	1942- 47	1948- 53	1954
	(percentage)					
Livestock						
Cattle and calves	22.8	21.5	29.3	29.4	36.8	32.9
Dairy Products	25.2	30.1	23.1	21.6	22.6	26.8
Hogs	17.2	14.5	19.4	22.8	19.9	19.8
Sheep and lambs	8.6	10.3	9.7	6.0	4.8	4.5
Poultry	22.7	22.0	17.0	19.5	14.5	15.3
Other	3.4	1.7	1.5	0.7	1.4	0.7
Total	100.0	100.0	100.0	100.0	100.0	100.0

Table 2. - Percentage of Total Cash Farm Income from Crops by Source of Income 1924-1954

	1924- 29	1930- 35	1936- 41	1942- 47	1948- 53	1954
	(percentage)					
Crops						
Tobacco	68.5	71.3	73.2	76.4	76.5	82.4
Wheat	3.6	3.8	5.4	2.8	2.5	2.9
Corn	6.5	3.9	4.4	5.2	7.1	3.9
Hay	3.8	3.9	1.4	2.1	1.8	1.3
Soybeans	0.1	0.1	0.2	0.9	1.8	1.3
Truck and potatoes	5.6	6.5	5.2	4.2	2.0	1.2
Fruit	3.8	2.8	2.7	2.3	1.4	0.7
Forest	5.4	5.0	4.1	2.1	3.3	3.1
Other	2.7	3.6	3.4	4.0	3.6	3.2
Total	100.0	100.0	100.0	100.0	100.0	100.0

and from poultry and poultry products declined in importance during the 1924-54 period.

With record yields per acre, tobacco in 1954 contributed a greater percentage of the total income received from the sale of crops than in previous years. Over 80 percent of the income from crops was from the sale of tobacco in 1954. Wheat, hay, truck crops, potatoes, fruit, and forest products showed downward trends in terms of percentages of total income from the sale of crops. Corn sales made up a larger portion of the total crop income during 1948-53 than in any period since 1924, but declined sharply in 1954. Soybeans, though becoming a more important source of cash income, accounted for less than 2 percent of the total income received from the sale of crops.

### Kentucky Farm Income Compared with National Farm Income

Cash receipts from farm marketings in Kentucky followed closely the national pattern (Fig. 3). Changes in direction occurred in some in-

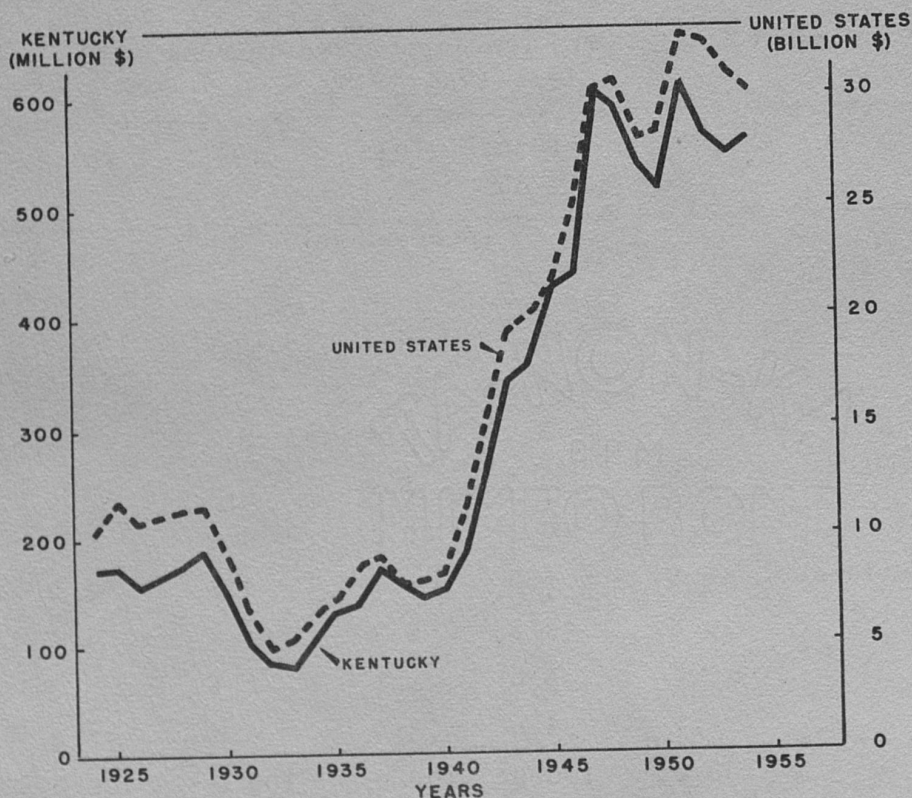


Fig. 3. - Total Cash Income from Farm Marketings, Kentucky and United States, 1924-54.

dividual years owing to changes in supplies and prices of individual crops and livestock, but cash receipts from farm marketings in Kentucky maintained about a steady relationship to national cash receipts over the entire 1924-54 period.

Total net income originating from agriculture in the state also changed at about the same rate as for agriculture in the nation as a whole (Fig. 4). This classification of income includes net income from farm marketings plus the value of home consumption, changes in inventories, government payments, and farm wages. Net incomes did not increase so sharply as total cash receipts, because of increased costs of production items. When expressed in constant purchasing power dollars, net income showed less growth over the past 30 years (Fig. 4). The peak in net agri-

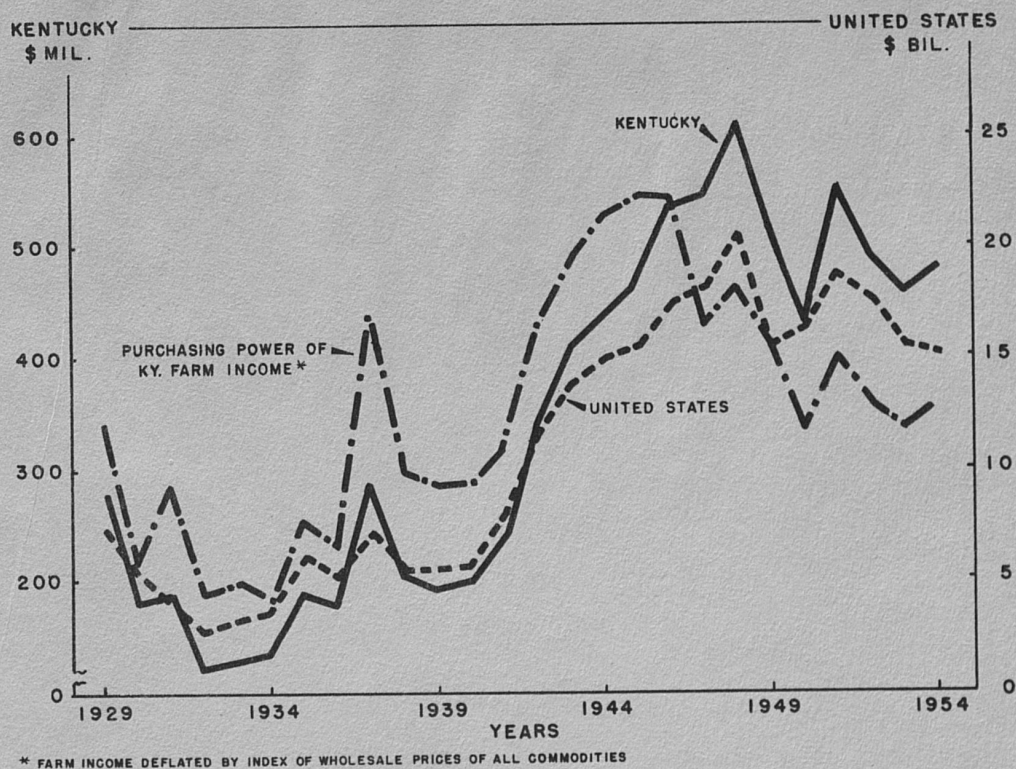


Fig. 4. - Total Net Farm Income, Kentucky and United States, and Purchasing Power of Kentucky Farm Income, 1929-54.

cultural income in Kentucky was reached in 1948 when net farm income was 487 million dollars. When expressed in terms of purchasing power, based on wholesale prices prevailing during 1947-49, the peak was reached in 1945.

Per-capita income is much less in agriculture than in the nonagricultural segment of the Kentucky economy. Over the period 1929-54, annual agricultural net income averaged 241 dollars per person on farms while the nonagricultural income of the state averaged 856 dollars per capita -- a difference of 615 dollars per person. During 1950-54 the spread was even greater. Net farm income per capita averaged 402 dollars while nonfarm income in the state averaged 1,557 dollars per person or 1,155 dollars higher on a per capita basis (Fig. 5)

Income on a per farm basis increased relatively more than total agricultural income during 1929-54, owing to a decline in farm numbers in Kentucky during this period. Income per farm increased at about the same rate as per-capita farm income because farm population and farm numbers decreased by about the same proportion during the period studied.



Although farm income in Kentucky increased during the past 30 years, the increase in Kentucky's nonagricultural income was much greater -- the gap between farm and non-farm income widened (Fig. 5).

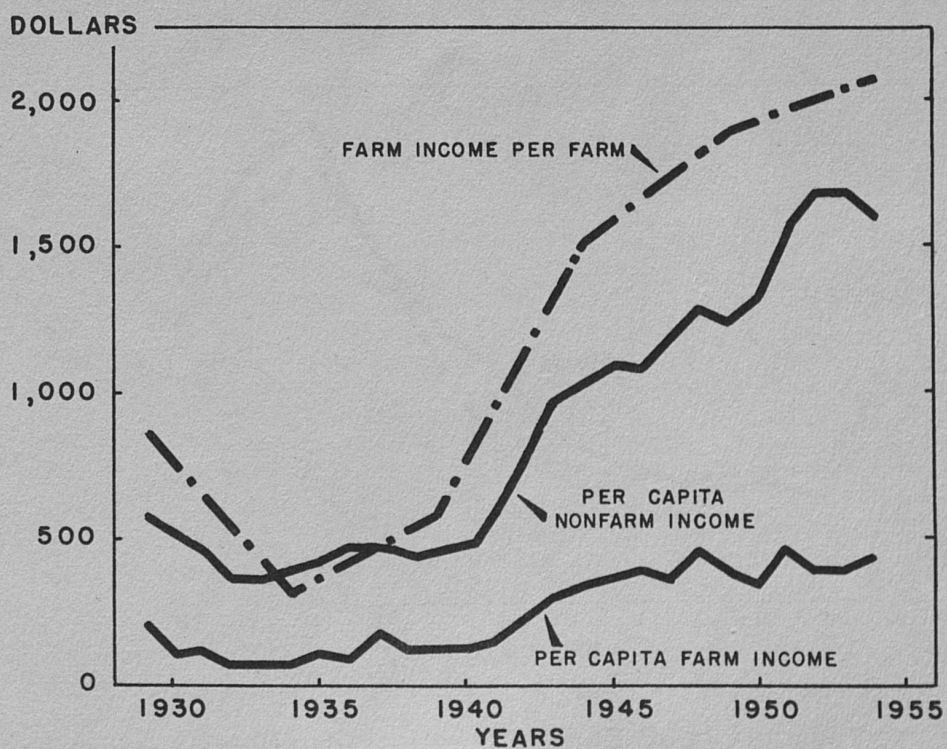
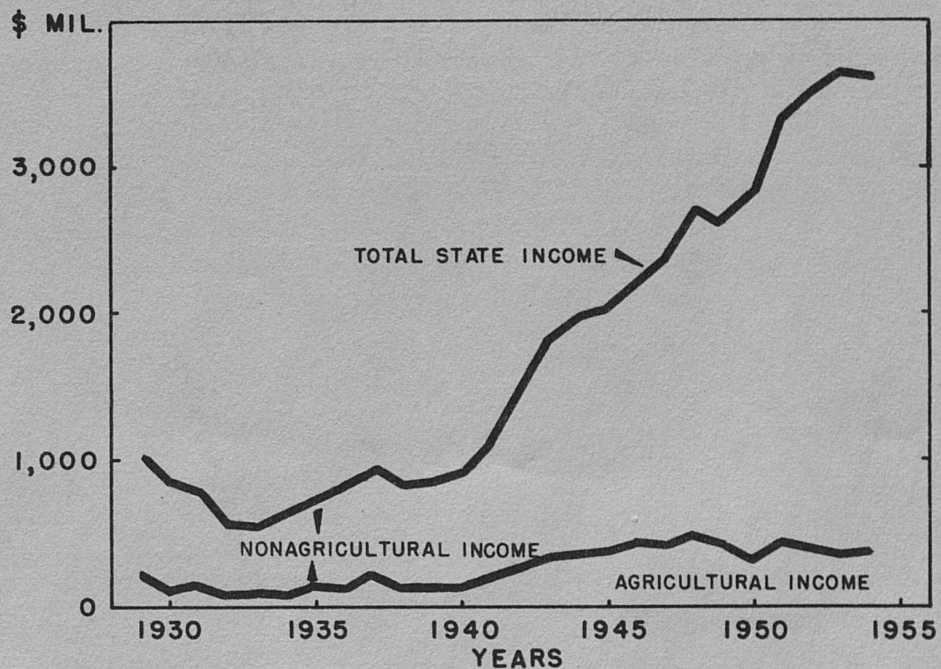


Fig. 5. - Kentucky Income, Agricultural and Nonagricultural, Total, Per Capita, and Per Farm, 1929-54.

### Seasonality of Farm Income

A large part of the cash income to Kentucky farmers is in December and January -- the months when the bulk of the tobacco crop is marketed (Fig. 6). Nationally, cash receipts are highest from August to January but do not vary so widely from month to month as Kentucky income.

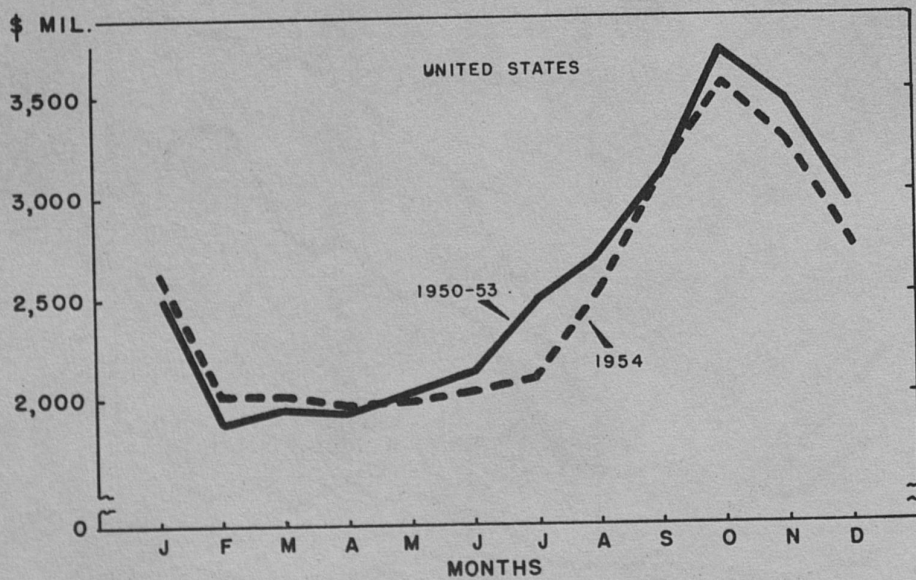
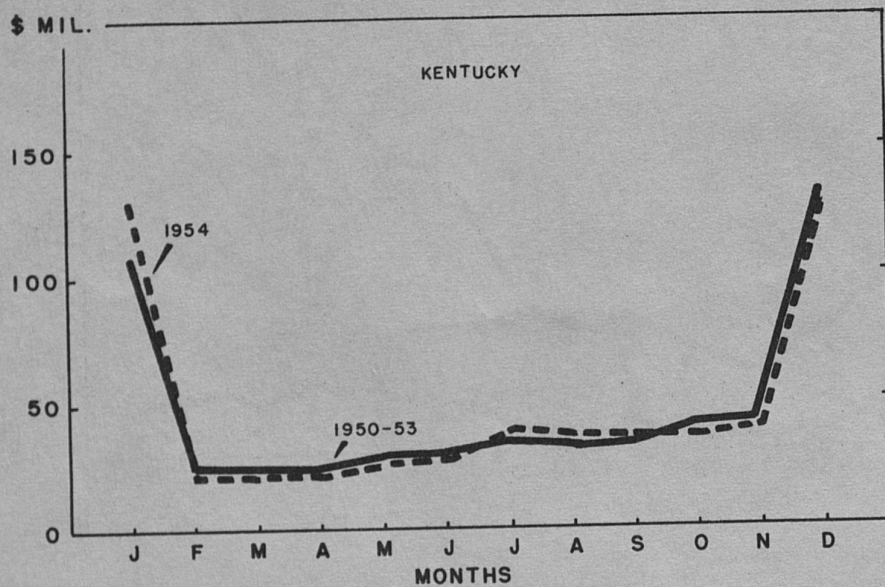


Fig. 6. - Cash Receipts from Farm Marketings by Months, Kentucky and United States, 1950-53 and 1954.

The variation between the monthly pattern of the farm income in Kentucky and the United States is chiefly in income from crops (Fig. 7). Income from the sales of livestock and livestock products shows about the same seasonal pattern for Kentucky as for the nation. Most of the crop income in Kentucky is from tobacco sales in December and January, while September, October, and November are the high months for the United States.

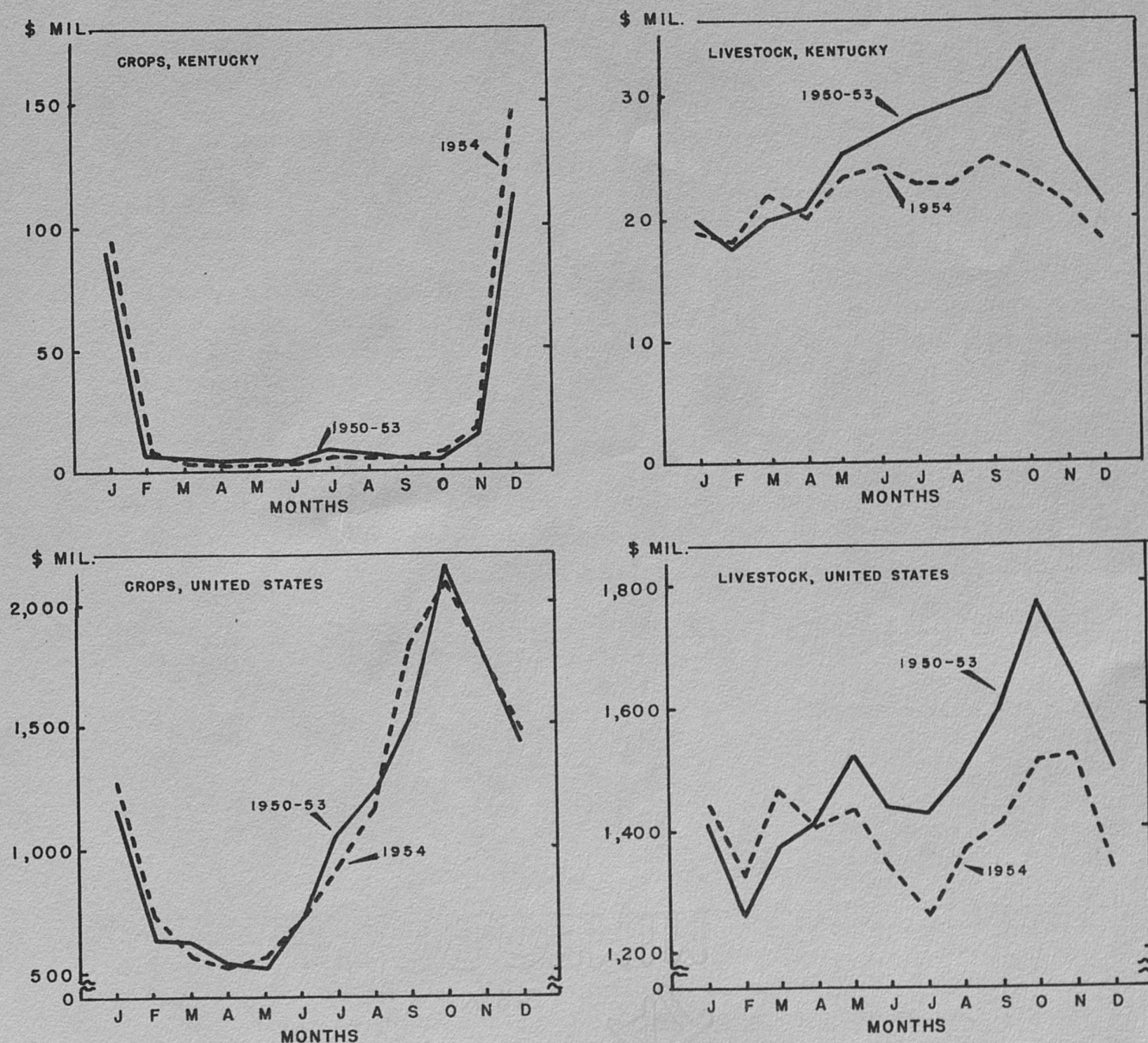


Fig. 7. - Monthly Cash Receipts from Farm Marketings from Crops and Livestock, Kentucky and United States, 1950-53 and 1954.

### Changes and Variability of Farm Income by Enterprises

Figures 8 and 9 show cash receipts from farm marketings in Kentucky in somewhat more detail. (Tables 1 and 2 showed these data in percentages.) These charts bring out changes in particular livestock and crop enterprises that have occurred during the past 30 years. The largest income increases for livestock enterprises were from cattle and calves. Dairy income followed cattle and calves in increase during 1924-54. Income from sheep and lambs increased only slightly over the period. On the average, income from livestock showed less year-to-year variability than income from crops.

Income from tobacco increased more than for any other crop. Income from the sale of corn increased sharply during 1945 but decreased since 1949. Income from most other crops rose during this period, but these are relatively unimportant as income sources on a state basis.

Cattle and calves contributed more to farm income than any other livestock enterprise in 20 of the years between 1929 and 1954. In 10 other years cattle and calves ranked second or third in terms of livestock income (Table 3). Income from cattle and calves averaged 47 million dol-

Table 3. - Rank of Livestock and Livestock Products According to Income and Variation of Income, Kentucky, 1924-1954.

Enterprise	Years Highest (number)	Years Second (number)	Years Third (number)	Average Income (Mill, \$)	Variation of Income <sup>1/</sup> (percent)
Cattle and calves	20	3	7	46.7	18.8
Dairy	7	18	5	34.1	8.8
Poultry	3	5	6	25.1	20.0
Hogs	1	5	13	29.0	22.8
Sheep and lambs	0	0	0	9.4	15.0
Total	31	31	31	-	-

<sup>1/</sup> Average percentage by which income changes from one year to another.

This variation was computed after adjusting each of the livestock enterprises for trend. The variation in income represents price changes, changes in marketings resulting from changes in livestock numbers, marketing weights, proportions of livestock products marketed, and changes in inventories.

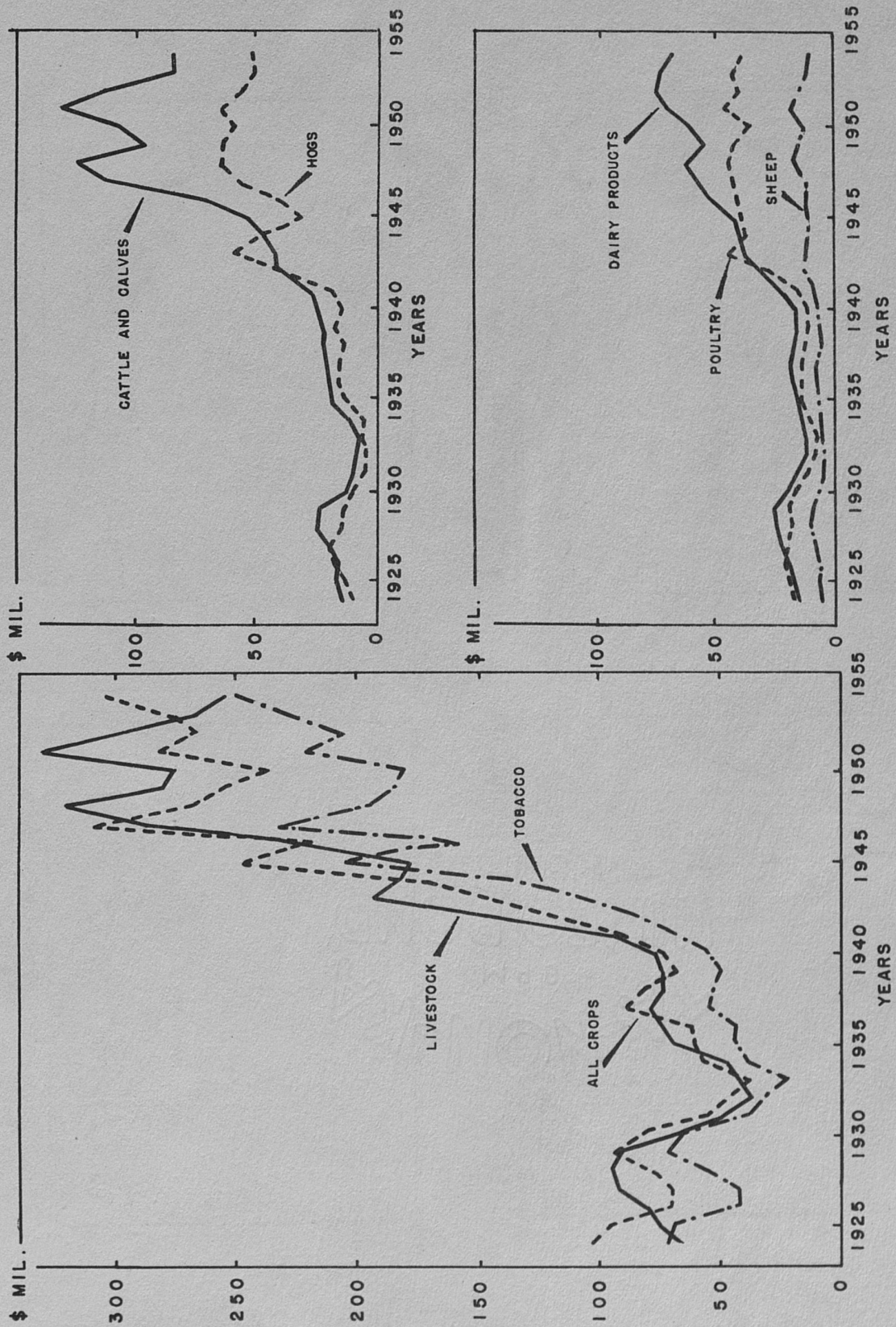


Fig. 8. - Cash Receipts from Farm Marketings for Specific Agricultural Commodities, Kentucky, 1924-54.

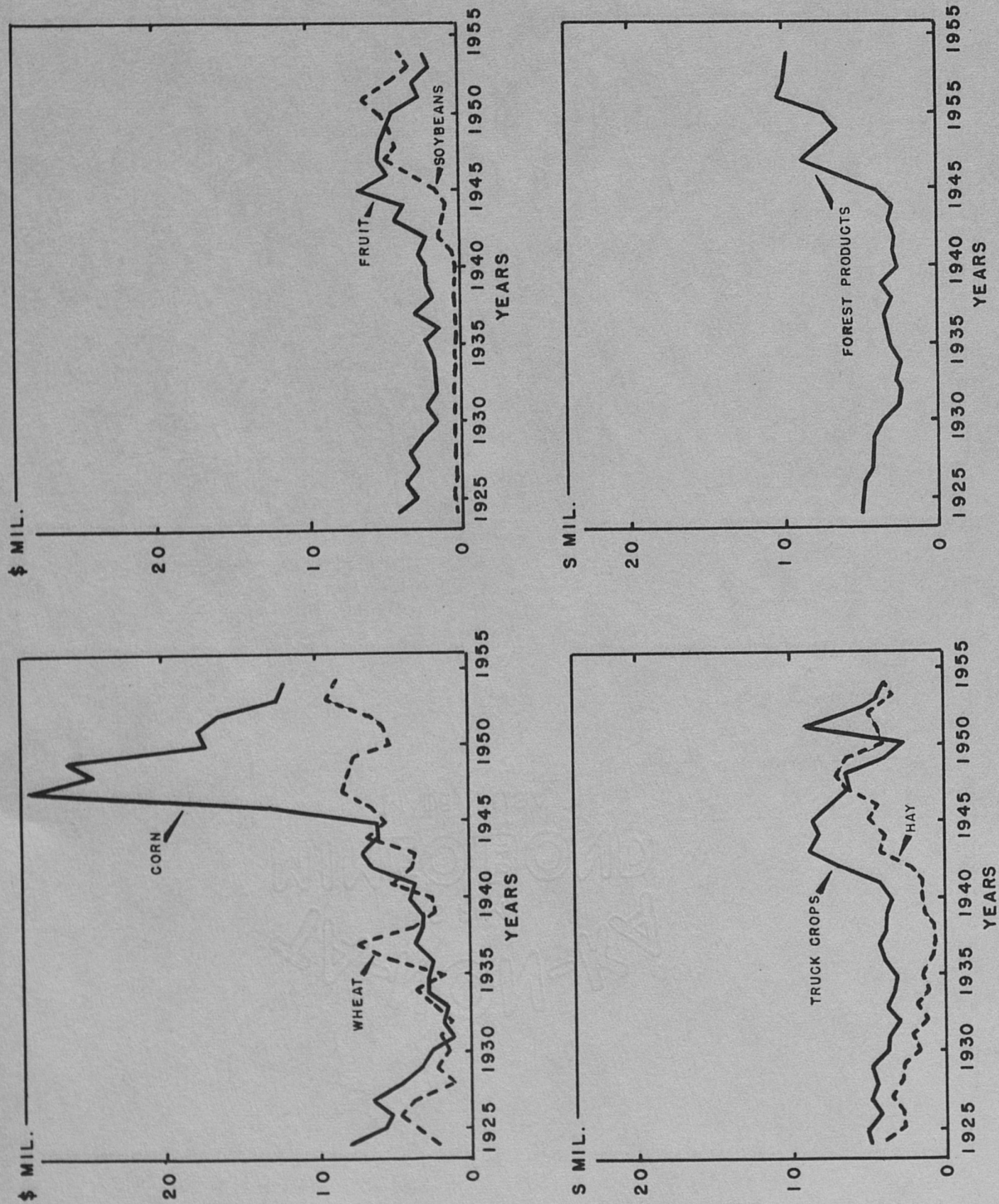


Fig. 9. - Cash Receipts from Farm Marketings for Specific Agricultural Commodities, Kentucky, 1924-54.

lars per year between 1924 and 1954. While the income from cattle and calves averaged higher than other livestock enterprises, year-to-year income from this source was more variable than income from dairying and sheep and lambs, but varied less than income from hogs and poultry.<sup>1/</sup>

Dairying was the second highest income producing livestock enterprise during 1924-54, averaging 34 million dollars per year. Dairy income led all livestock enterprises in 7 years, was second 18 years, and ranked third in 5 of the years. In addition to supplying a relatively large part of the total livestock income, the year-to-year income from dairying was the most stable livestock enterprise in terms of income. Income from dairying varied less from one year to the next than any other livestock enterprise in Kentucky.

Income from hogs followed cattle and calves and dairying in importance, averaging 29 million dollars per year from 1924 to 1954. Income from hogs had more average year-to-year variability than any other of the livestock enterprises in the state.

Cash income from poultry and poultry products averaged 25 million dollars per year from 1924 to 1954. Poultry was the leading income-producing livestock enterprise in 3 years; 1924, 1925, and 1926; was second in 5 of the years; and ranked third in 6 other years (Table 3). Income from poultry was more variable from one year to another than income from cattle and calves, sheep and lambs, and dairying but varied slightly less than income from hogs.

Table 4. - Rank of Crops According to Income and Variation in Income, Kentucky, 1924-1954

Crop	Years Highest (number)	Years Second (number)	Years Third (number)	Average Income (Mill, \$)	Variation of Income* (percent)
Tobacco	31	0	0	107.3	22.0
Corn	0	14	5	8.3	34.9
Truck and potatoes	0	13	8	5.0	27.0
Forest products	0	0	15	4.9	16.0
Wheat	0	4	3	4.6	45.8
Hay	0	0	0	3.0	31.6
Fruit	0	0	0	3.0	32.1
Total	31	31	31	-	-

\*Average percentage by which income changes from one year to another. This variation was computed after adjusting for trends in income for each of the crops. The variation in income represents price changes, acreage and yield changes, and for feed crops, changes in the proportions of the crops marketed.

<sup>1/</sup> Income variation in this section refers to income variation after adjustment for trends.

Sheep and lambs contributed a relatively small part of the total livestock income in Kentucky and averaged 9 1/2 million dollars per year over the period 1924-54. Income from sheep and lambs ranks second to dairying in stability, showing less year-to-year variation than income from hogs, poultry, and cattle and calves.

Tobacco income was the highest of the crop incomes in every year and averaged 107 million dollars annually from 1924 to 1954 (Table 4.) Income from tobacco was one of the most stable of the crop incomes from one year to the next. Only income from forest products had less average yearly change than tobacco during 1924-54.

Corn was the second highest income-producing crop from 1924 to 1954 but averaged only 8 million dollars per year. This crop ranked second to tobacco in 14 years and was the third highest income-producing crop in 5 other years. Income from corn varied more than any other crop except wheat. Since farmers can either feed or sell corn, year-to-year income from sales of this crop would be expected to show considerable variation.

Following tobacco and corn, the most important crops from the standpoint of income produced in order of importance were: truck crops and potatoes, forest products, wheat, hay and fruit. Income from all these crops with the exception of forest products, showed considerably more year-to-year variation than tobacco.