

Economic
Research
Service

ERS Elsewhere

MAJOR PUBLICATIONS FEATURING OUR RESEARCH

Stability of Farm Income and the Role of Nonfarm Income in U.S. Agriculture

Review of Agricultural Economics

Volume 24, Number 1
Spring/Summer 2002

American Agricultural
Economics Association
Ames, IA

“Stability of Farm Income and
the Role of Nonfarm Income
in U.S. Agriculture”

Pages 208-221

by Ashok K. Mishra and
Carmen L. Sandretto

For more information, contact:

Ashok K. Mishra at
amishra@ers.usda.gov or
Carmen L. Sandretto at
carmens@ers.usda.gov

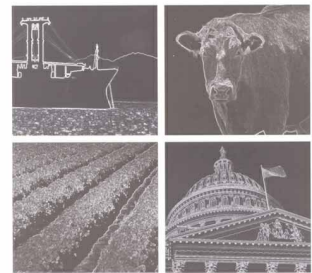
<http://www.ers.usda.gov>

U.S. farmers over the past six decades have frequently experienced wide fluctuations in farm income. Income stability has long been one of the goals of American agricultural policy, but it is a concept that has not been clearly defined. In practice, stability has been sought mainly through the use of various price support and supply control programs to secure higher prices for farm commodities than would likely occur otherwise. No particular level of net income has been guaranteed, and no limits have been specified beyond which net incomes would not be allowed to vary.

The objective of this research is to examine the degree of farm income instability, specifically, to determine if the variation has diminished over time on an aggregate and per-farm basis. The assumption is that farmers are ultimately concerned more about their net incomes than about prices and costs. A secondary objective is to investigate the role of off-farm income in reducing the income variability of farm households in the United States. Evidence suggests that household income variability from farming still exists and this source of variation in the incomes of farm families has not diminished over the past 67 years. In fact, real net farm income varied widely between years. The greater availability of nonfarm jobs and earned off-farm income has played an important role in reducing the variability in total income earned by farm households in this country.

Review of Agricultural Economics

Volume 24, Number 1 • Spring/Summer 2002



Economic Perspectives on Agribusiness; Prices, Policy, and Finance; Marketing and Development; Management and Production; Resources and Environment; and International Trade