PolicyPennings by Dr. Daryll E. Ray

# What do we mean when we talk about farming/agriculturally-dependent counties?

In long drives across Tennessee we always look at the agricultural activities that whiz by as we make our way to our destination. When we get back to the office, one of the key topics of discussion is the progress of crops. Except for some forested land, and urban areas, most of what we see is agricultural land.

Imagine our surprise last summer when we opened up the USDA publication, "The 20th Century Transformation of U.S. Agriculture and Farm Policy," (http://www.ers.usda.gov/Publications/eib3/) and saw a map on page 4 showing that only one county in Tennessee was marked as being "nonmetro farming-dependent." USDA also provides a similar map that includes metro farming counties as well as nonmetro farming counties, figure 1. As you can see not only was there only the one farming dependent county in Tennessee, but most of Iowa, Illinois, and Indiana are shown as having few or no farming-dependent counties.

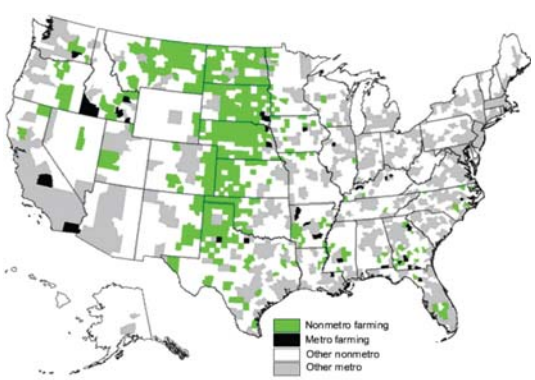


**Figure 1. Farming-dependent counties, 1998-2000. (Source USDA-ERS)**

Most of the farming-dependent counties in this USDA analysis are clustered in the Great Plains. The fertile, high productivity agricultural counties of the prairie region are for the most part shown as not being farming-dependent. What is equally surprising is that California is shown as having only five farming-dependent counties. From this map, one would have little reason to suspect that California ranks first among the states in terms of net farm income.

That spurred us to think about what we mean when we talk about a farming-dependent county. At the one extreme, if we are talking about eating, then every county in the US is farming-dependent. While true, that definition does not seem to be very helpful when we talk about the details of farm and commodity policy.

The other extreme, it seems to us, is the criteria used by the USDA to develop the map in figure 1. For the USDA "farming dependence was based on two thresholds—farm earnings accounting for an annual average of 15 percent or more of total county earnings during 1998-2000 or farm occupations accounting for 15 percent or more of all occupations of employed county residents in 2000. The farming occupation option was adopted to allow counties into the farming-dependent group that had highly farming-oriented economies but did not meet the earnings threshold, most often due to negative farm earnings estimates for some or all of the analyzed years. Farming dependence was determined first and takes precedence over all the other economic dependence types."

For us the problem with this definition is that it seems to ignore those businesses within counties like fertilizer plants and implement dealerships that are dependent on farmers as their customer base. The other problem is that it does not include value-added industries like meat processing plants and dog food mills that are often dependent upon locally produced agricultural products. A more useful concept than farming-dependent counties would be to talk about agriculturally-dependent counties. This concept would catch those input and processing industries that are tied to agricultural production.

Why is the issue of farming/agriculturally dependent counties of any importance? Why give it a second thought? The 20th Century Transformation booklet ends its analytical section saying, "in an environment in which more than 90 percent of farm household income is derived from off-farm sources, the impact of farm programs on the well-being of farm households continues to decline. . ." Quotes like this and maps like figure 1 provide justification for those who want to marginalize agriculture and redirect federal financial attention to other endeavors.

In the next issue we will look at an area of west Tennessee USDA has identified as having no farming-dependent counties. Using a County Economic Development Director's approach to estimating economic impact, we discover a radically different story.

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