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PER CAPITA INCOMES FOLLOW SHARP INCREASES IN FARM INCOMES

Some exciting changes have been taking place in South Dakota and other Plains states. Almost lost among the stories on inflation, recession and unemployment have been recent revised figures on per capita incomes and farm incomes in these states. The recent trends in per capita incomes are shown in Figure 1 below. They reveal that North Dakota had a whopping 38.0 percent increase in per capita incomes between 1972 and 1973, with South Dakota following with an increase of 27.4 percent. These relatively high figures were due largely to their agricultural orientation. The U.S. average gain during the year was only 10.8 percent.

Per capita incomes are defined here in general terms as the average arrived at through dividing total personal incomes received in the state by the number of people in the state, including all men, women, and children regardless of their age or working status. They do not take into account inflation and are only averages which cover up extremes in highs and lows; yet they are useful in revealing trends and relative changes, in this case particularly among the states.

The states listed are some of the most agricultural of all the states as a percentage of their personal income. In general, the states which increased their personal incomes the most between 1972 and 1973 are the most agriculturally oriented of all. Similarly, those that rely most heavily on food and feed grains, particularly wheat, gained the most.

Figure 2 shows the changes in total net income per farm during the 1972-1973 period. South Dakota does not rank as well in this chart although it still had a significant increase. One reason appears to be that South Dakota has tended in recent years to have a slightly higher proportion of its farm income derived from the sale of livestock products, although this has declined several percentage points in the last couple of years. Further study of the composition of these incomes (not shown here), reveals that generally those states with the highest proportion of their farm income from food and feed grains and livestock, particularly wheat, had the

FIGURE 1. PER CAPITA INCOMES IN THE PLAINS STATES, MONTANA AND THE UNITED STATES

	1971	1972	1973	Increase 1972-73	% Increase 1972-1973
Minnesota	$4020	$4298	$5137	$ 839	19.5
Iowa	3847	4300	5273	973	22.6
Missouri	4004	4293	4841	548	12.8
North Dakota	3474	4128	5695	1567	38.0
South Dakota	3298	3699	4713	1014	27.4
Nebraska	3961	4355	5271	916	21.0
Kansas	4070	4455	5304	849	19.1
Plains States	3936	4333	5116	773	17.8
Montana	3562	4083	4682	599	14.7
U.S. Average	4195	4549	5041	492	10.8

FIGURE 2. TOTAL NET INCOME PER FARM BY SELECTED STATES AND THE UNITED STATES

	1971	1972	1973	Increase 1972-73	% Increase 1972-73
Minnesota	$6201	$ 7,742	$20,359	$12,617	163.0
Iowa	7218	11,175	25,308	14,133	129.0
Missouri	3451	4,567	9,926	5,359	117.3
North Dakota	7199	12,501	32,060	19,559	156.5
South Dakota	6097	10,539	19,712	9,173	87.0
Nebraska	6487	9,712	19,465	9,753	100.0
Kansas	7326	10,645	19,877	9,232	86.7
Montana	8034	15,448	23,311	7,863	50.9
U.S. Average	4957	6,440	12,744	6,334	99.8

greatest increases in incomes. It is generally well known that wheat prices rose by a larger percentage and have remained at relatively high levels.

When the sizable increases in one year's time is considered, the impact on the states and the communities within them is very sizable. Add to this the second and third rounds of spending that result from the initial higher incomes, and it is apparent that the impact has been great indeed and why 1973 was considered by many to be a top year. It also helps to explain why there has apparently been much less unemployment than throughout the rest of the country.

There is one word of caution in this analysis, however. During 1974, the prices of all crops remained relatively high while the price of meat was generally declining. The net effect was a cost-price squeeze on the livestock industry which undoubtedly dampened the per-farm increases with a corresponding impact on per capita incomes.

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