

## Introduction

The Federal Government has long collected agricultural statistics. The first Census of Agriculture was undertaken in 1840, laying the groundwork for the agricultural statistics that continue to be produced today.<sup>1</sup>

Some statistics—such as crop acreage and production, livestock inventories and production, or farm revenues and expenses—are based on farm-level reports, and therefore require a farm definition. A broad definition, covering many businesses with very little farming activity, can provide a comprehensive accounting of aggregate land use and production. Narrower definitions may exclude businesses with limited farming activity, and may therefore provide less complete coverage of some aggregate statistics in favor of more focused coverage of entities with more substantial farming activity. Today, USDA uses a broad definition, defining a farm as any place that sells, or normally could sell, at least \$1,000 of agricultural commodities.

The current USDA definition provides extensive coverage of the farm sector and yields a clear pattern throughout U.S. agriculture for most commodities: most farms are very small and the bulk of production occurs on large farms, which constitute a small share of all farms. For example, some cattle operations can feed 40,000 head at one time. However, data from USDA's Agricultural Resource Management Survey show that most farms with cattle in 2006 had very few: an estimated 22 percent had fewer than 10 head on the farm, while another 24 percent reported 10-25 head.

That pattern is not limited to cattle. Although farms with 100-500 acres of corn accounted for 40 percent of the 2006 corn harvest, 2,000 farms harvested at least 2,000 acres of corn, while another 22,000 farms harvested 10 acres or less. Similarly, some fruit and vegetable farms harvested over 1,000 acres in 2006, and many had sales in the tens of millions of dollars. But most are much smaller: 80 percent of all fruit and vegetable operations harvested fewer than 50 acres. While those small farms generally had sales totaling less than \$2,000, some small acreage operations grew high-value crops, such as herbs, generating sales in the millions of dollars.

Broad coverage can easily mask underlying variation in agricultural production. If not used carefully, aggregate USDA statistics can lead to misleading representations of farm characteristics since farm-level averages are dominated by the many operations with limited production. To understand U.S. agriculture better, it is important to disaggregate the statistics and examine the heterogeneity of farms more closely.

<sup>1</sup>For more information, see [http://www.nass.usda.gov/About\\_NASS/History\\_of\\_Ag\\_Statistics/index.asp/](http://www.nass.usda.gov/About_NASS/History_of_Ag_Statistics/index.asp/).