

Agricultural Adjustment Problems in a Growing Economy

- A compilation of essays on problems, research techniques, and results of investigations dealing with adjustments needed in American agriculture.
- Dedicated to the proposition that progress is made by discussing hypotheses, theories, techniques, and illustrations of their use even though some are still in their formative stages.
- Published for use by students, researchers, teachers, and administrators who are daily confronted by problems in this important area.

In This Same Series:

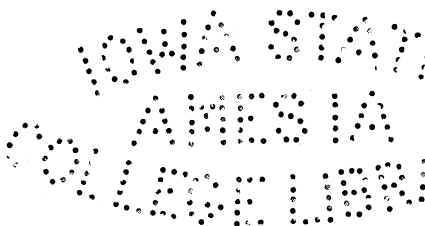
**Resource Productivity, Returns
to Scale, and Farm Size**

Earl O. Heady, Lowell S. Hardin, and
Glenn L. Johnson, editors (1956)

AGRICULTURAL ADJUSTMENT PROBLEMS IN A GROWING ECONOMY

Assembled and published
under the sponsorship of the

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Preface

THIS book includes the papers presented at a conference on "Adjusting Commercial Agriculture to Economic Growth," sponsored by the North Central Farm Management Research Committee in cooperation with the Farm Foundation. This conference, held March 18-19, 1957, was designed to cover the major aspects of the current farm problem, and to bring together outstanding agricultural economists in the various fields discussed.

The reasons for holding the conference are well known. In a period of full employment and a rising national income, agriculture has been faced with a declining income. Apparently, adjustments in production and resources used by agriculture have not been sufficiently rapid to allow resource returns and incomes in agriculture which compare favorably with the rest of the economy. From the standpoint of the national economy, resources are being used to produce a surplus of farm products when consumers indicate that their welfare might be bettered if some resources were moved out of agriculture.

The cost-price squeeze, which developed in the 1920's and recurred in the 1950's, appears to be in prospect for the next decade or longer. If the wishes of consumers, as expressed in the market, are used as the criterion, some important adjustments apparently are required in agriculture: Fewer and larger farms which can produce at lower unit costs are necessary. A transfer of labor resources is required. Farming resources must be used more efficiently and the supply of products must be made to conform more nearly to consumer demand. Adjustments of this nature would allow a more favorable income per person in agriculture.

The conference was developed with the idea of giving a broad and deep view of the adjustment problem and its possible solution. The papers include:

1. A summary of the existing situation in respect to farm income, demand outlook, farm output, and trends in farm numbers, size and resource productivity.
2. An analysis of the basic forces giving rise to the current income and adjustment problems.
3. An inventory of current empirical knowledge which can be used for predicting future conditions and for recommending adjustments in resources used in agriculture.

4. An indication of the direction and extent to which adjustments in agriculture should be made in terms of: (a) scale economies and factor and product prices, (b) relative consumer demand for farm and non-farm products, and (c) the values held by society in respect to size of farms and the farm population.

5. An outline of the research, educational, and policy steps which could and perhaps should be used to improve resource use and income in farming and to adjust agriculture in line with prospective economic growth.

The basic purposes of the conference were to: (1) outline what already is known about adjustments needed in agriculture and solutions to the adjustment problem, (2) develop promising hypotheses, concepts, and empirical techniques, which can prove useful in further solution of the scale, resource use, and supply and income problems of commercial agriculture. It is a follow-up to the 1954 Conference of the committee reported in *Resource Productivity, Returns to Scale and Farm Size*, Iowa State College Press, 1956. The conference is expected to serve as a foundation for developing several regional or interregional research projects to fill gaps in knowledge where they exist.

The North Central Farm Management Committee wishes to express appreciation to the persons who prepared papers and discussions for analysis of this important problem, to the Farm Foundation for making possible the conference and the publication of the proceedings, and to Maudie Nakada, Elaine Martenson, and Marlene Bress of the Farm Foundation for their fine assistance and cooperation in preparing the manuscript for publication.

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