

Lectures 1 and 2

Evolution of U. S. Agriculture

U. S. Agricultural Policies: From land and settlement policies

to farm support policies

to landscape and environmental quality policies

A. Stages in the U. S. agricultural development process

1. Search for appropriate farming technologies ~ 1620-1740.
2. Establishment of viable production modes ~ 1740-1810.
3. The westward movement ~ 1812-1900.
4. The intensification of farming practices ~ 1900 - present.

B. Major institutions, policies, and issues

1. Colonies and settlements.
2. Squatters and homesteading.
3. Land sale to finance public goods: Railroad
Schools
Universities.
4. The Jeffersonian vision:
Family farms as the main form of farming.
Competitive agricultural sectors with
many independent farmers, not peasants.
Government provision of education, information, and
technologies.

5. Vision of agriculture: family farms vs. plantations.
6. The establishment of USDA, Extension, and land-grant colleges.
7. Collective actions: the farm bureau, agricultural cooperatives, and water districts.
8. Labor problems: contractors, unions, migrations, and the Bracero Program.

C. Traditional perspectives on the situation of agriculture

1. Key assumptions

- a. High rate of innovation.
- b. Many small firms.
- c. Homogenous product.
- d. Competitive markets.
- e. Inelastic demand.
- f. Randomness.
- g. Use of natural resources.
- h. Environmental side effects.
- i. Lack of flexibility and mobility of input.
- j. Credit imperfection.

2. Results - farm problems

- a. Inelastic demand, competition, and technology change lead to reduction in average farm income.
- b. Randomness leads to instability.
- c. Lack of flexibility and declining prices lead to rural poverty.
- d. Environmental and resources degradation.

3. Resulting policies

- a. Price support.

- b. Income support.
- c. Stabilization policies: inventory control.
- d. Land set-asides.
- e. Environmental regulation.
- f. Credit subsidies.

D. Change in perspectives on agricultural situations

1. Changes in assumption

- a. Migration leads to a decline in farm population.
- b. There is an increase in specialization and product differentiation.
- c. Farmers' average income grows.
- d. International trade barriers are reduced.

2. Policy changes

- a. Reduction in intervention.
- b. Emphasis on environmental regulation.
- c. Environmental criteria for government payments.
- d. Major policies:

Conservation Reserve Program

Revenue assurance.

Food Quality Improvement Act

Central Valley Improvement Act

Freedom to farm.

3. Remaining issues

- a. The impact of macroeconomic policies on agriculture.
- b. Political economic considerations in explaining agricultural policies.

- c. The relationship between food support and agricultural policies.
- d. Support for public research in agriculture.
- e. Agricultural adjustment to climate changes.
- f. Policies regarding intellectual property rights.