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.