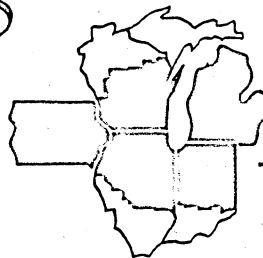


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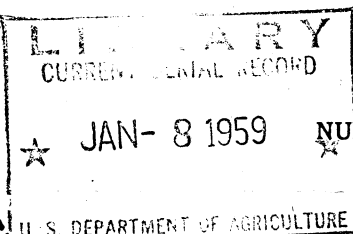
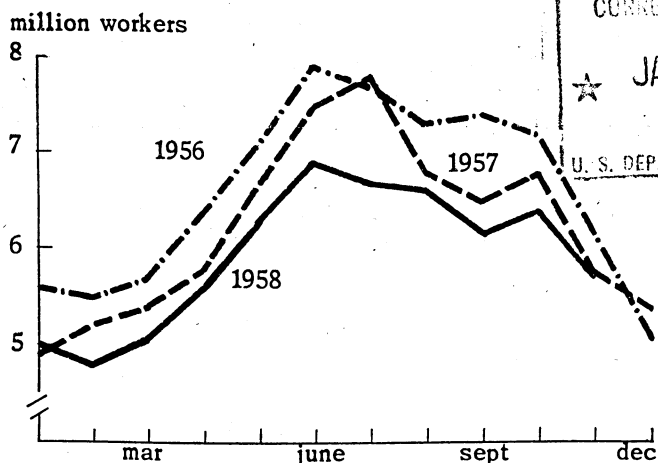
December 12, 1958

Agricultural Letter



EMPLOYMENT IN AGRICULTURE has continued its downward trend during 1958 at almost the same rate as in the preceding year. At 6.4 million in October, according to Department of Commerce estimates, agricultural employment was 6 per cent below the year-earlier number. In the business recessions of 1949 and 1954, the decline in agricultural employment slackened and even temporarily reversed direction.

EMPLOYMENT IN AGRICULTURE



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The usual explanation for such interruptions of the flow of farm workers out of agriculture has been in terms of reduced availability of jobs in the cities. In addition to the slowing effects on farm to city migration, some workers, no doubt, return to their farms when their jobs are terminated or hours are reduced. However, little return migration is evident, thus far, in the business recession of 1957-58 even though it was the sharpest of the postwar period and had the greatest level of unemployment. Since there is a time lag in adjustment to unemployment situations, some delayed effects of the business recession may yet be felt.

THE SURPLUS PROBLEM in agriculture has been described on occasion as a surplus of farmers—too many dependent upon farm income. And some have maintained that as the number dependent upon agriculture declines, agricultural surpluses would disappear. In the period 1950 to 1958, migration from farms to cities has been rapid. Total farm employment declined one-fifth, farm population decreased one-sixth and man-hours of labor used for farm work dropped one-eighth. Yet total farm output in 1958 is 22 per cent above the 1950 level.

Certainly it is desirable that workers, in agriculture and elsewhere, move from low income to higher income jobs. And this transfer of labor helps to adjust the nation's output to provide the things desired by consumers. It is obvious also that a very large transfer of workers out of agriculture would solve the problem of surpluses and could even result in shortages of some commodities. But a change of that magnitude or speed is not on the horizon.

NUMBER OF MACHINES INCREASES AS EMPLOYMENT DECLINES

	1950	1958	Per cent change
(in thousands)			
Tractors	3,394	4,685	+ 38
Motor trucks	2,207	3,000	+ 36
Grain combines	714	1,040	+ 46
Corn pickers	456	745	+ 63
Farms with milking machines.	636	725	+ 14
Pickup bailers	196	590	+201
Field forage harvesters	81	255	+215
Employment in agriculture	7,507	5,850*	- 22
(in millions)			
Man hours	15,259	13,553**	- 11

* Estimated.
** 1957.

Source: U. S. Department of Agriculture and Department of Commerce.

The explanation for the increase in output, even in the face of a fairly rapid decline in work force, lies, of course, in the rapid technological advances being made in agriculture and the associated high level of investment of new capital goods such as in tractors, combines and other major farm machines. As a result, the index of farm production per man-hour has increased more than one-fourth in the period 1950 to 1957 and the 1958 figure will show another large gain.

Thus far, the new technology and additional capital have more than offset the effects of fewer farm workers. And the processes continue. At what pace and for how long are open questions. The desirability of developing new technology cannot be questioned. The future welfare of mankind everywhere is closely linked to continued technological progress. But so long as there is such progress, or changes in consumers' desires, there will be need for adjustments in labor force and capital investment.