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"An Adaptive Program for Agriculture" is the recommendation of a comprehensive and controversial report on agricultural policy issued recently by the Committee for Economic Development—a business organization for the study of economic problems.

The current farm problem, according to the CED view, arises from five conditions.

1. Productivity has been growing rapidly as 2. efficiency has dictated that less labor and more capital be used in agriculture. Yet, 3. total demand for agricultural products has grown slowly. Since 4. a relatively large decline in prices of farm products brings only a small increase in consumption and 5. resources, most importantly labor, do not flow freely out of agriculture at rapid enough rates, a persistent excess of resources have been used in this industry. This has been revealed by a persistent tendency for agricultural incomes to be lower than other incomes.

The choices in farm policy presented in the CED report are between "leakproof" governmental control of farm production and a program to induce excess resources to move out of agriculture within a framework of reducing Government expenditures in support of the industry.

The leakproof control of production is designed to increase prices for farm products by reducing the volume of sales. The CED maintains this "would change the form of the burden on the nonfarm community from high taxes to high prices. It would change the evidence of waste from mounting stocks of surplus products to idle land, labor and capital withheld from farm use and not channeled to other uses."

The adaptive program recommended by the CED would "induce a large, rapid movement of resources, notably labor, out of agriculture." This consists of two parts: 1. programs for attracting excess resources out of farming and 2. cushioning the adjustment process.

In the CED view the primary resource needed to be moved out of agriculture is labor. One essential condition to rapid movement is maintenance of employment opportunities in nonagricultural activities. Yet, the CED also notes that there has been a significant movement of people from agriculture even in recent years when there was considerable unemployment in urban areas.

To help farm people make the transition from farm to nonfarm employment, the CED proposes education and job retraining to prepare for nonfarm employment along with better job information and assistance in relocation. Education is, in the CED view, "a main key to agricultural adjustment . . . by getting a large number of people out of agriculture before they are committed to it as a career."

# Agricultural Letter

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The Committee recommends not only aid to education to boost the schooling of farm youth to the level of nonfarm youth, but also a revamping of vocational education to place emphasis on training in skills needed by expanding nonfarm industries.

Agricultural prices would have to be adjusted "to signal to farmers how much is wanted, of what." Thus, they recommend price supports "be reduced immediately to the prices that could be expected to balance output and use, after the transition period, without new additions to Government stocks"<sup>1</sup> and without controls.

To cushion the adjustment process, the CED suggests a temporary income protection with payments made for five years on the difference between the 1960 support price and the "adjustment" price for wheat, rice and cotton (commodities with the largest gap between present and "adjusted" prices). Payments would decline proportionately each year and end after five years. To eliminate incentive for producing excessive amounts of these commodities, payments would be made regardless of the quantity produced.

Two land programs are proposed including a temporary Soil Bank to hold feed grain output to the levels of demand for livestock products for a few years. It is assumed that consumer demand for meat will increase rapidly, quickly ending the need for the Soil Bank.

A cropland adjustment program is proposed, to shift land being misused currently in agriculture to better (less intensive) agricultural use. It is designed to assist conversion of acreage devoted to cropland in dry areas back to grassland, a more profitable land use after wheat and feed grain price relationships are at adjustment levels. The CED recommends assistance to aid the conversion and the land owner would agree to hold the land in grassland use for some specified period.

The report has been criticized widely by those who believe high prices are essential to a healthy agriculture. Regardless of whether one agrees or disagrees with the techniques recommended by the CED to reduce Government subsidies and wasteful use of resources in agriculture, the report does present a comprehensive approach to a very persistent and difficult problem by one alternative policy means.

<sup>1</sup> For specific commodities, the "adjustment price" would be: cotton, 22 cents per pound; rice, \$3 a hundred weight; wheat, \$1.35 per bushel; and feed grains, the equivalent of \$1.00 a bushel for corn.