

OUTLINES OF AGRICULTURAL ECONOMICS

by

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Lecture I. Introduction (1.1-12; 2, 1-16; 3, 63-116)

I. Agricultural economics defined and described.

1. The purpose of the course.

- a. To familiarize the student with principles of agricultural economics.
- b. The application of these principles to the solution of agricultural economic problems.
- *c. To point out the relationship of economics of agricultural production to the general well-being.

2. The rise of agricultural economics as a science (1. 23-30)

- a. The characteristics of self-sufficient agriculture.
- b. The territorial expansion of agricultural production.
- c. The agricultural depression of the 90's and the conflict of methods.
 1. Improved methods of production.
 2. Legislative remedies.
 3. Economic solution.

3. The emergence of farm management from the technical sciences (2. 1-16)

- a. The function of the technical sciences.
- b. The transition of farm management.

4. Agricultural economics and farm management.

- a. The subject matter of economics.
- b. Agricultural economics defined and described.
- c. The place of agricultural economics and farm management in the field of agricultural economic research.

5. Summary

(1) The references are designated by numbers: C. G. Taylor (1); Nourse (2); Carver (3), etc.

J. B. Wood (4) Forster (5)

II. Motive, Ideals, and Conditions in Agricultural Production

I. Economic motives

- a. Country vs. city in the securing of a living.
- b. Farming vs. industrial enterprises in the acquisition of wealth.
- c. Farming vs. industrial enterprises in regard to entrepreneurship.
This would involve the opportunity to direct a business, and to use family labor to advantage. Financial losses, etc.

2. Quasi-economic motives.

- a. The desire to be independent of group action.
- b. To build up a large country estate.
- c. Prejudice in favor of the country as a place to live and raise a family, love of nature, etc.
- d. Love of farm work.
- e. Inertia - parents were farmers.
- f. Land hunger.

3. Economic conditions.

- a. Market conditions: increasing prices over long periods may be in favor of agriculture.
- b. Labor condition: a problem of urban vs. rural development. Unemployment and its effects on the marginal farmer, tenant, and farm laborer.
- c. Credit conditions: Governmental subsidy of agriculture through easy governmental credit.
- d. General business conditions: effects of each on the farmer, business man and employee.

4. Quasi-economic conditions.

- a. Religious association and beliefs.
- b. Racial temperament.
- c. Political changes and the safety of property.
- d. General social conditions.

III. Land in Relation to Agricultural Production.

- 1. General considerations.**
 - a. Meaning of production.
 - b. Organization of production defined.
- 2. Economic characteristics of land.**
 - a. Limited in area or scarcity aspect.
 - b. Differential aspect.
 - c. Economic capacity and efficiency of land.
 - d. Economic and physical productivity of land.
 1. Climatic factor involved.
 2. Personal factor.
- 3. The land supply.**
 - a. Land in farms, historically considered.
 - b. Land in farms, from the standpoint of character.
 1. Arable land.
 2. Non-arable land.
 - c. Land non-available for settlement.
 - d. How the supply may be increased
 1. Dry farming.
 2. Irrigation.
 3. Intensity of culture, etc.
- 4. The demand for land.**
 - a. The determinants of the demand for land.
 1. Increasing population.
 2. Increasing standards of living.
- 5. Land values.**
 - a. Land value in general.
 - b. Value and price.
 - c. Effect of price of land on production.
 - d. Effect of land speculation on production.
 - e. Land value and credit in their relation to production.
- 6. Summary**

IV. Agricultural Capital.

- 1. Capital defined and described.**
 - a. Economic concept of capital.
 - b. Classification of capital.
 1. Fixed capital.
 2. Circulating capital.

- 2. Nature of agricultural capital.**
 - a. Farm equipment and agricultural capital in town.
 - b. Building of less importance in agriculture.
 - c. Control of natural powers, gas engine, etc.
 - d. Land as agricultural capital.

- 3. The importance of capital in modern agriculture.**
 - a. The development of equipment on the American farm.
 - b. Influence of equipment on production costs.
 - c. Influence of equipment on size of economic unit.
 - d. Relation of equipment to specialization of production.

- 4. The trend in the employment of capital.**
 - a. Trend in equipment costs.
 - b. Mechanical vs. physical power in production.
 - c. Equipment and the marketing of farm products.
 1. Influence of good roads.
 2. The motor truck.
 - d. Railroad rates and their influence on farm capital.

- 5. The acquisition of farm capital.**
 - a. Private accumulation.
 - b. Gift or inheritance.
 - c. Credit institutions and their relation to the acquisition of capital.

V. Farm Labor.

1. Labor in general.
 - a. Labor defined.
 - b. Special characteristics of labor.
 - c. Productive and non-productive labor.
 - d. Economic function of labor, i. e., its relation to the other factors.

2. The nature and characteristics of agricultural labor.
 - a. Mental and physical characteristics.
 - b. Types of agricultural labor.
 1. Single hired men.
 2. Married hired men.
 3. The cropper or tenant as a laborer.
 4. The tramp as a laborer.
 5. The farm owner as a laborer.
 6. The community laborer.

3. The supply of farm labor.
 - a. The doctrine of population.
 - b. The absolute and relative supply.
 - c. The potential supply.
 - d. Hours of labor in relation to supply.
 - e. Efficiency of labor in relation to supply.
 - f. The effect of health on the supply.

4. The demand for farm labor.
 - a. The nature of the demand for farm labor.
 1. The family farm.
 2. Territorial division of production and demand for labor.
 - a. Seasonal character of agricultural production.
 - b. Variation in the type or nature of agricultural production.
 - c. General economic condition and the demand for labor.
 - d. Wages of labor in relation to demand.
 - e. The mechanical power and the demand for labor.

5. Factors affecting the quality of farm labor or
 - a. Origin of the labor.
 - b. Origin of the condition.
 - c. Treatment of labor.
 - d. Wages of labor.
 - e. Economic outlook, i. e., to get a farm.

VI. The Economic Characteristics of Agricultural Production.

- 1. The relative importance of the factors of production.**
 - a. In agriculture.
 - b. In industry.
- 2. The territorial division of production.**
 - a. Producing regions of the U. S.
 - b. Economy of territorial division of production.
 1. Division of occupations or specialization.
 2. Division of labor.
- 3. The territorial division of production and**
 - a. Demand for land.
 - b. Demand for labor and capital.
- 4. Agricultural producers.**
 - a. Selection of organizers.
 - b. Efficiency of producers.
- 5. Size of the economic unit in relation to production.**
 - a. The division of labor.
 - b. The use of capital.
 - c. The effect of area on management.
 - d. Expansion of area.
- 6. The risks in agricultural production.**
 - a. Losses due to weather.
 - b. Losses due to disease.
 - c. Losses due to floods.
 - d. Economic risks.
 1. Changes in prices.
 2. Transportation risks.
 3. Market risks other than price changes.
 - e. Methods of eliminating risk to the minimum in insurance, selection of crops, selection of labor, etc.
- 7. Economic characteristics of the marketing of agricultural products**
 - a. Individualistic marketing.
 - b. Possibility of monopoly.
 - c. Cooperative marketing and its limitations.
 - d. Governmental control.
- 8. Financial characteristics.**
 - a. Financing the crop.
 - b. Buying land.
 - c. Buying equipment.
 - d. Land improvement.

VII. The fundamental Principles of Organization.

1. The factors of production in their relation to organization.
 - a. The function of the factors.
 - b. The grades of the factors and their significance in organization.

2. The role of the organizer.
 - a. In the acquisition of agents of production.
 - b. In combining the factors.
 - c. In adjusting the proportion of the factors to changing economic conditions.

3. The problem of combining the factors. ✓
 - a. The law of variable proportion.
 - b. The law of diminishing returns.
 - c. The proper degree of intensity of culture.
 1. Maximum average return per composite. unit of labor and capital.
 2. Marginal return per unit of labor and capital.
 - d. Management as a factor in determining the degree of intensity of culture.
 - e. The relative cost of the factors and combinations.
 1. Least cost combination.
 2. The return per unit of expense. (?)

4. Determining the size of the economic unit or size of farm.
 - a. Physical factors.
 - * b. Political factors.
 - d. Economic factors.
 - d. Degree of intensity of culture in its relation and size of the economic unit.

5. Summary.

VIII. The Choice of Enterprise.

1. Meaning of enterprise.
2. Factors influencing the choice of enterprise.
 - a. Physical factors.
 1. Soil, climate, etc.
 - b. Economic factors.
 1. Market demands.
 2. Prices.
 3. Production cost.
 4. Distance to market. ✓
 - c. Political factors.
 1. Tariffs.
 2. International relationship.
 3. Governmental regulation.
3. Economic measures of profitable choice.
 - a. Profit per acre.
 - b. Profit per man hour.
 - c. Profit per unit of capital.
 - d. Profit per acre times the number of acres one can cultivate.
 - e. Profit per unit of labor times the number of hours employed.
 - f. Net profit per economic unit.
4. The law of the selection of enterprises.

The importance of diversification as an elastic factor in the choice of enterprises under changing conditions.
5. The respective roles of the agronomist and economist.
 - a. With respect to what can be produced.
 - b. With respect to what should be produced.
6. Choice of enterprises from the national standpoint.
 - a. The effect of international relations.
 - b. The effect of tariffs and bounties.
 - c. Transportation, nationally and internationally considered.
 - d. Economy of production.

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IX. The Wages of Agricultural Labor (Distribution of Agricultural Wealth)

1. Wages in general.

- a. Definition of wages
- b. Real and money wages.

2. Wages of farm labor.

- a. Historically considered.
- b. Wages of farm labor and other industrial groups.
- c. Geographically considered.

3. Methods of paying farm laborers.

- a. Day wages
- b. Yearly or seasonal wages
- c. Special wages
- d. The matter of additional compensation

4. Factors affecting the rate of farm wages.

- a. The supply and demand of fundamental condition
- b. Rate of wages and the type of work.
- c. Wages and the hours of labor.
- d. The marginal product of labor.
- ee the efficiency of the laborer
- f. Personal element.
- g. Action of the state.

X. The Rent of Agricultural Land.

1. The concepts of rent.

- a. Economic rent.
- b. Contract rent.

2. Rent determinants.

- a. Significance of the extent of arable land.
- b. Significance of the differential aspect of land situation.
- c. Economic and physical productivity.
- d. Economic efficiency of labor and capital in their application to land.
- e. Custom and competition.

3. Rent and the price of agricultural products.

- a. Rent derived from price.
- b. Rent as a price determinant.
- c. Rent and taxation in relation to price.

4. Social and economic aspects of rent

- a. Distribution of rent, geographically considered
- b. Distribution of rent among individuals.
- c. The effect of a tax on rent and productivity.
- d. The effect of a tax on rent, socially considered.

5. Modern theories of rent.

- a. Ricardian theory
- b. Austrian theory
- c. Marshallian theory
- d. The modernists.

XI. Farm Profits.

- 1. Profits defined.**
 - a. Gross profits.
 - b. Net profits.
 - c. Profits and interest.
 - d. Profits and rents.

- 2. Profit determinants.**
 - a. Prices and costs.
 - b. Differential aspects of profits.
 - c. The effect of changing economic conditions on profits.

- 3. Farm profits.**
 - a. Geographically considered.
 - b. From the standpoint of the individual.
 - c. Profits and the size of the economic unit.
 - d. Farm and industrial profits compared.
 - e. Trend of farm profits.

- 4. The economic and social significance of farm profits.**
 - a. Ratio of rural and urban population.
 - b. Acquisition of land - the tenant question.
 - c. Production and business prosperity.
 - d. Farm profits and the rural community.

XII. Marketing of Farm Products.

- 1. The problem stated.**
 - a. Marketing defined.**
 - b. Importance of marketing.**

- 2. The middlemen - functions and services.**
 - a. Middleman defined and classified.**
 - b. Functions.**
 - c. Services.**

- 3. Types of marketing farm products.**
 - a. Direct marketing.**
 - b. Indirect marketing.**
 - c. Integrated marketing.**

- 4. Marketing methods.**
 - a. Sale by description.**
 - b. Sale by sample.**
 - c. Sale by inspection.**

- 5. Advertising and marketing.**
 - a. Meaning of advertising.**
 - b. Essentials for success.**

- 6. Marketing through cooperation.**
 - a. Private**
 - b. Governmental**

- 7. Political and legislative aspect of the marketing question.**
 - a. The right to organize**
 - b. Governmental regulation**

XIII. Agricultural Cooperation.

- 1. Purposes of cooperation.**
- 2. Prerequisites for success.**
 - a. Founded on fundamental principles.
 - b. Objective clearly recognized.
 - c. Limitation of territory essential.
 - d. Minimum volume required.
 - e. Business management and methods.
 - f. Selected membership.
 - g. Cooperative spirit.
 - h. Sufficient capital.
- 3. Cooperative forms.**
 - a. Capital stock.
 - b. Non-stock.
- 4. Organizing.**
 - a. General scheme
 - b. Securing attention or publicity.
 - c. Charter and by-laws.
 - d. Election of officers.
 - e. Securing a manager.
 - f. Business policy.
- 5. Financing.**
 - a. Sale of securities.
 1. Bonds
 2. Stock
 - b. Loan by members
 - c. Commercial loan
 - d. Fees
- 6. Cooperative legislation.**
 - a. Historically considered.
 - b. Recent legislation.
- 7. Cooperation and monopoly.**
- 8. Cooperation and pooling.**
- 9. The future of cooperation in the United States.**
- 10. General summary.**

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XIV. Stabilization of Agricultural Prices.

1. Meaning of stabilization.
2. Price stabilization and the quantity theory of money
3. Cost and price stabilization.
 - a. Variation in cost in individual and regional cost.
 - b. Problem of choosing the right cost.
 - c. The valorization plus sanctions adopted.
4. Problem of determining costs.
 - a. Accounting methods.
 - b. Rates of cost good.
 - c. Interest and rent as costs.
5. The difficulties with the so-called ultimate solution of price stabilization - adjusting supply to demand.
6. Legislative aspect of the problem.
7. Education as a solution.
8. Balance in production as a means of stabilization. ✓

XV. The Transportation of Agricultural Products.

- 1. Importance of transportation.**
- 2. Methods of transportation.**
 - a. Railways.**
 - b. Water**
 - c. Water and railway.**
 - d. Motor truck**
- 3. Transportation and production.**
- 4. Freight rates on farm and other products.**
- 5. Effect of changing rates on agriculture.**
- 6. How rates are determined**
- 7. The analysis of question - who pays the freight.**
- 8. The effects of rates of specialization and diversification - crop selection.**

XVI. Credit and Agricultural Finance.

1. The need for good credit.
 - a. For crop production
 - b. For livestock production
 - c. Purchase of land and equipment
 - d. Marketing of farm products.

2. Credit institution.
 - a. Private individuals.
 - b. Bonds, trust companies, etc.
 - c. Insurance companies.
 - d. Federal Farm Loan banks.
 - e. War Finance Corporation.

3. Credit and the rate of interest.
 - a. Why interest is necessary.
 - b. Variations in the rate of interest.
 - c. Risk and the rate of interest.
 - d. Nature of security and rate of interest.

4. Improvements in the credit system
 - a. Providing for agriculture.
 - b. Long and short time credit needs.
 - c. Credit restrictions.

5. Recent legislation with respect to farm credit.
 - a.
 - b.
 - c.

XVII. The Tenant and the Landlord.

1. Tenancy and tenant defined.
2. Tenancy in the United States, historically considered.
3. Tenancy in the United States, geographically considered.
4. Causes of tenancy.
 - a. Incompetency.
 - b. Land values and tenancy.
 - c. Credit or lack of capital.
 - d. Types of agriculture and tenancy.
 - e. Public land and tenants.
 - f. Custom and tenancy.
5. Tenancy and the acquisition of farm property.
 - a. The agricultural ladder.
 - b. Tenancy as a means of transferring property.
 - c. Professional landlords and their methods.
6. The evil effects of tenancy.
 - a. Soil exhaustion.
 - b. Effects on the individual.
 - c. Effects on the community.
7. Remedies and regulation of tenancy.
 - a. Improved tenant contracts.
 - b. Credit system for tenants.
 - c. Education.
 - d. Experimentation with the form of tenancy.
 - e. Control of risk insurance.
 - f. Control of land values.
8. The function of the landlord.
 - a. To supply capital.
 - b. Director of production.
 - c. Risk taker.
 - d. Banker, etc.
9. The outlook for the acquisition of land by tenants.
 - a. Trend in tenancy.
 - b. Land prices and values.
 - c. Farm credit outlook.
 - d. The ideal tenancy system.
10. Tenancy and politics.

XVIII. The Problem of Farm Life.

- 1. A point of view.**
- 2. Population groups or community types.**
- 3. The characteristics of the American farm household.**
- 4. Characteristics of the farmer**
 - a. Individualism.**
 - b. Attitude towards others.**
 - c. Attitude toward social and economic institutions.**
- 5. Rural institutions and production.**
 - a. The country school.**
 - b. The community sports and recreation.**
 - c. The church.**
- 6. State and governmental activities.**
 - a. Farmers' institutes.**
 - b. Extension - county agents.**
 - c. Research.**
 - d. State colleges.**
 - e. County agricultural schools.**
 - f. Farmers' clubs.**
- 7. Private agencies.**
 - a. Newspapers.**
 - b. Farmers' clubs and associations.**
- 8. The influence of good transportation and communication.**
 - a. Railways.**
 - b. Electric lines.**
 - c. Good roads.**
 - d. The automobile.**
 - e. Telephone and radio.**
- 9. Rural legislation and its effects.**
 - a. Health laws.**
 - b. Sanitation and production.**
 - c.**