



PERSPECTIVE...

Trends in Agricultural Industrialization

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NO LONGER does the subsistence type of farming contribute to our production economy. The real farmer of today must produce more—much more—than he needs for his own use, because approximately 87 out of every 100 of our population depend on our farmers for food and fiber requirements. Thus, the modern farmer has acquired two basic responsibilities. First, he must produce raw products in the quantity and of the quality required by a large dependent population, and secondly, he must maintain our soils, which are the heritage of all mankind, at a fertility level consistent with the ultimate needs of society and the Nation's welfare and security.

These responsibilities have encouraged the industrial approach and at the same time have created keen competition within the industry. Only the most competent of farm operators have survived the pressures induced by industrial methods. That industrial management has been rewarding is evidenced by trends in farm size, increased worker output, and total production. Man as a power unit doesn't amount to much, but when operating a modern tractor his potential for worker output is increased many hundred fold. This is attained, however, only through the use of suitable equipment, backed by sound judgment, and timely effort. . . .

This has made him a good customer of the industries which serve him, but at the same time it has sharply increased his capital investments. This causes him to be a careful and critical buyer. He desires better machines to grow and harvest his crops. He wants better fertilizers, fuels, tires, and chemicals. He measures the value of these things in terms of his income

improvement. The fact that farms are getting larger and that the upper income farms are increasing and lower income groups are decreasing is indicative of the effort among our farmers to stay in business through efficient production. This trend, no doubt, will continue, but it may be a bit unrealistic to assume the farmer will be a large consumer for these services if he has to pay more for these, while he is receiving less for his products. He is of necessity operating closer to his "break-even point" which means that his purchasing capacity is in the danger zone.

Industries serving agriculture have dual responsibilities. They depend on customers for the services they sell. This they do in a competitive market. On the other hand, they are obliged to reward their labor through increased pay rates, retirement systems, fringe benefits, and the like. These latter are related to the cost of things marketed. As hired labor rewards grow, low income farmers are attracted to the labor markets afforded by service industries, and we have fewer farms. And as cost of marketed products go up there is a tendency for demand to narrow, unless income distribution is kept in balance. The growing tendency for fewer and larger farms with better farm management on these farms affords greater potentials for farm mechanization and markets for service industries. This is the outlook as long as farm operators are able to stay in the black. But it seems unreasonable to assume that the present economic trends for agriculture in relation to service industries can continue without some economic repercussions.

(Excerpts from an address before the annual Agronomy Field Day, University of California, Davis, Jan. 27.)