

INSTITUTE FOR¹¹⁻⁶⁷
RESEARCH ON
POVERTY DISCUSSION
PAPERS

A PROPOSAL TO LIMIT THE FLOW OF HUMAN
RESOURCES INTO FARMING

D. Lee Bawden

UNIVERSITY OF WISCONSIN - MADISON



A PROPOSAL TO LIMIT THE FLOW OF HUMAN
RESOURCES INTO FARMING

D. Lee Bawden

The author is Associate Professor of Agricultural Economics at the University of Wisconsin. This paper was presented at the annual meeting of the American Farm Economic Association, Guelph, Ontario, August 15, 1967. The research was supported by funds granted to the Institute for Research on Poverty pursuant to the provisions of the Economic Opportunity Act of 1964.

Comments by Nils Isaksson, Aaron C. Johnson, Jr., Sydney Staniforth, and Annette Stiefbold on earlier drafts of this paper were very beneficial, as were discussions on specific points with Bill Saupe, John Schmidt, and Dick Vilstrup. The opinions expressed in this paper, however, are solely those of the author.

Abstract

One of the major contributing factors to the chronic problem of low per capita farm income has been a surplus of human resources in farming. While there has been a substantial net out-migration over the past thirty years, this has not kept pace with the reduction in labor requirements. During the decade 1960-70 the male farm labor force is expected to decrease due to death and retirement by approximately 2.3 percent per year. However, the number of farms is expected to decline nearly 3.4 percent per year during this same period, principally because of the trend toward consolidation of farms.

It is proposed that per capita farm income might be effectively raised by a policy of limiting the flow of human resources into farming. Three related programs which might implement such a policy are presented: (1) discontinuing State and Federal programs that encourage young men to go into farming, (2) encouraging farm youth to enter nonfarm jobs, and (3) discouraging certain individuals from taking up farming. Specific actions that might be taken within each program are briefly outlined.

A PROPOSAL TO LIMIT THE FLOW OF HUMAN RESOURCES INTO FARMING

Two major types of policies designed to raise farm income have been advocated in the past. The first has been aimed at increasing total (and hence per capita) farm income, and has emphasized increasing production efficiency, supporting prices above the level of a free market price, and subsidizing exports.

The second basic type of policy, proposed but never specifically enacted into legislation, focuses on inducing the movement of people off the farm. Direct payments for relocation have been proposed, as well as support while the head of the household learns a new trade. Also included in this category are suggestions to create more off-farm employment opportunities and to improve information on the availability of such jobs.

These have been the two general directions of past agricultural policy proposals--raising total farm income and increasing off-farm mobility. I would like to suggest a third direction that agricultural policy might take, perhaps in conjunction with one or both of the above approaches: limiting the flow of human resources into farming.

Such a policy would have a result similar to the second policy mentioned above, that is, dividing total agricultural income among fewer individuals. However, from the standpoint of implementation, it may have several advantages.

A basic assumption underlying the policy of inducing off-farm migration has been that those farmers with the lowest incomes would be highly motivated to relocate in an effort to better their lot. However, the farmers making the least income are on the average older, and it is difficult to persuade them to move away from an environment to which they have become accustomed.

Perhaps more significant, those with the lowest earnings are also likely to be the least capable; hence they would have greater difficulty in learning a new trade.

The policy proposed here of slowing the flow of people into farming would encounter fewer difficulties of this type because it is aimed at young people, principally farm youth. Young people are likely to be more mobile, have fewer family responsibilities, learn skills more easily, and, in general, have a more flexible attitude than their elders. A second advantage is that it might be less expensive to dissuade an individual from entering farming than to relocate (and perhaps retrain) him some ten or twenty years hence after he has become established.

Before discussing specific programs that such a policy might generate, it will be helpful to review briefly the present U. S. farm employment situation.

One of the major contributing factors to the chronic problem of low per capita farm income has been a surplus of human resources in farming. While there has been a substantial net out-migration over the past thirty years (see Figure 1), there is ample evidence that this has not kept pace with the reduction in labor requirements. Nor does the future situation look much brighter.

During the decade 1960-70, the male farm labor force is expected to decrease due to deaths and retirements by approximately 87,200 men per year, or an average decline of a little less than 2.3 percent per year.¹ For every one of those leaving, an average of 1 2/3 farm youths will reach eighteen years of age. So if the total farm labor requirement remains constant, considerable off-farm migration, either by young males or by existing farmers taking nonfarm jobs, must take place.

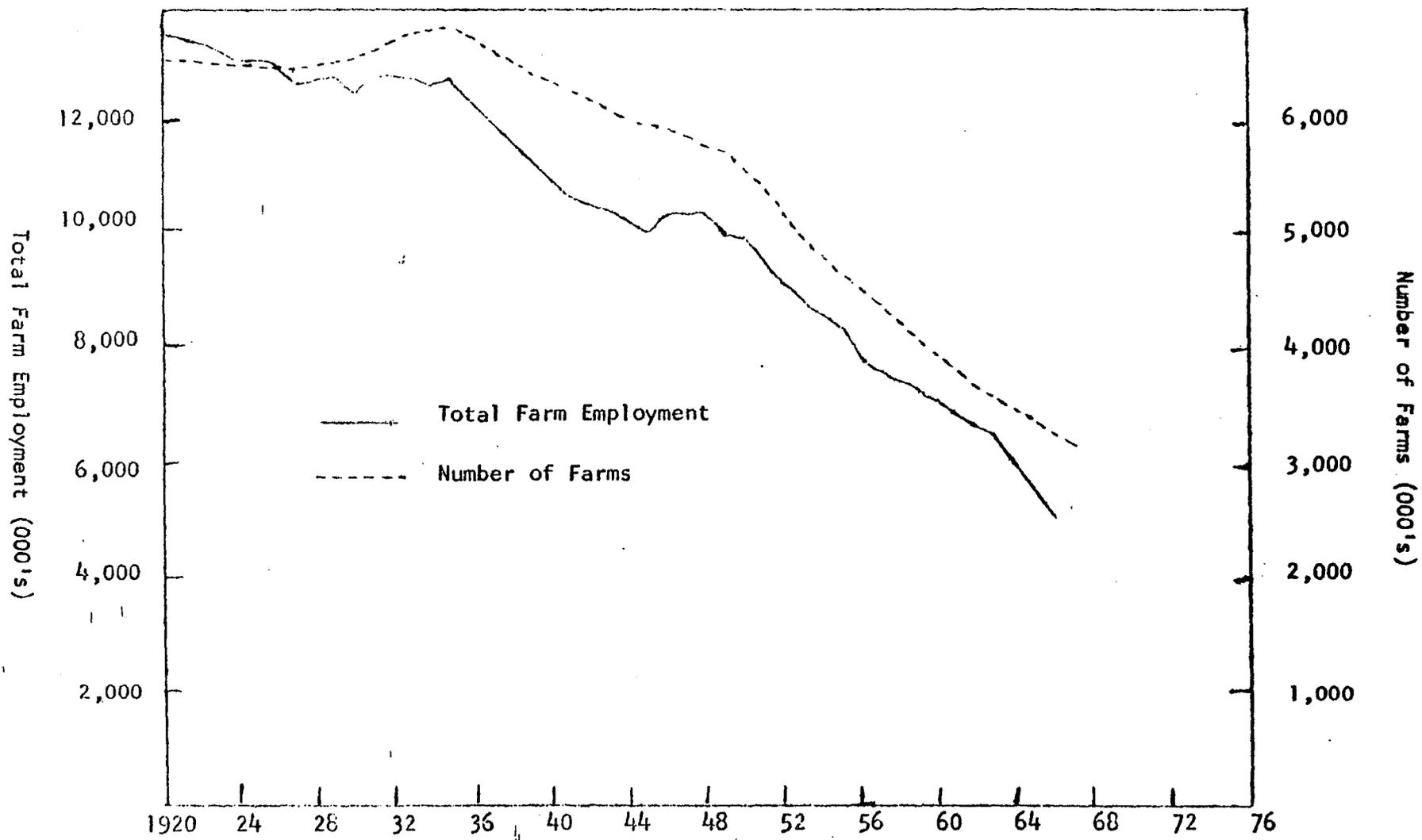


Figure 1. Number of Farms and Farm Employment in U.S., 1920-1966

Coupled with this, moreover, is the trend toward consolidation of farms. While the number of employed persons per farm has remained almost constant, the number of farms has decreased roughly 150,000 per year during the past fifteen years, or an average decline of nearly 3.4 percent (see Figure 1). Consequently farms are disappearing faster than farm workers are leaving by way of death and retirement; if no one entered the farm labor force (and employment per farm continued to be constant), over 1 percent of the existing farm labor force would have to switch to nonfarm jobs each year (3.4 percent decline in farms vs. 2.3 percent normal labor force attrition). Since a good many farm youths do enter farming, many more than 1 percent of existing farmers shift from farm to nonfarm jobs.

There is a surplus of human resources in farming now, and if these trends merely continue, the status quo (low per capita income) will be perpetuated. If the situation is to improve, either fewer farm youths must enter farming or more farmers must switch to nonfarm jobs than in the past.

A policy decision to inhibit the flow of people into farming might be implemented by three related programs: (1) discontinuing programs that encourage young men to go into farming, (2) encouraging farm youth to enter nonfarm jobs, and (3) discouraging certain individuals from taking up farming. Each of these will be considered briefly.

Despite the present and anticipated future surplus of human resources in farming, some current programs actually encourage young people to enter farming. For example, the Federal Government supports a lending institution which makes loans only to new and existing farmers who cannot qualify for loans from nonsubsidized institutions. Also, the Government provides free vocational agricultural training in high schools to approximately half a million students (mostly farm-reared) at an annual cost (to both State and Federal governments) of nearly 80 million dollars. One alternative, then,

is for the Government to stop encouraging people to go into farming by terminating its support for preferential financial assistance to new farmers and by abandoning the vocational agriculture program.²

The second basic program, encouraging farm youths to seek nonfarm employment, could take several different forms. One might be to retain the vocational agriculture concept, but to redesign it for the explicit purpose of training farm boys (presumably those not going on to college) for nonfarm jobs. Another method might be to establish small scholarships for post-high school training in nonfarm vocations, to be awarded to farm boys graduating from high school.

The third program would attempt to discourage certain people from going into farming. Presently, benefits from programs such as those that guarantee a price above the free market price, subsidize sales to other countries, and share in the cost of improving land are taken for granted by those entering farming. The Government could screen prospective farmers and deny assistance under these programs to those not meeting certain requirements.³

Certainly the Government shouldn't discourage everyone from entering farming. In the foreseeable future there will not only be an opportunity but probably a need for some individuals to do so. The objective would be to limit the total number entering farming by discouraging those having the least chance of succeeding as a farm owner and manager. Two criteria might be used as a basis for individual judgments. First, a prospective farmer might have to demonstrate that he has sufficient financial backing to purchase a large enough operation to generate an acceptable income for himself and his family. Concomitantly, he might be required to have sufficient equity in such an operation to make expansion feasible

within the next five years. Second, the Government might require minimum management ability as evidenced by education or a management examination (perhaps administered in a manner similar to the Civil Service exam). It is common practice for industry to hire only college graduates for management-training positions, and often only those attaining a certain score on written tests administered at the time of interview are accepted. I suspect management ability is at least as important in being a successful farmer as it is in being a successful industry executive.

Concluding Remark

The foregoing proposal is not unequivocally advocated as "the" solution to the low farm income problem. An income problem of the magnitude existing in farming today can probably best be solved by a package of complementary programs. I am merely suggesting that the above proposal be seriously considered as a part of that package.

Notes

¹ Figures cited in this paragraph were either derived or taken directly from G. K. Bowles, C. L. Beale, and B. S. Bradshaw, "Potential Supply and Replacement of Rural Males of Labor Force Age, 1960-70," Statistical Bulletin, U. S. Economic Research Service, No. 378 (October 1966), p. 144.

² Vo-Ag programs have changed in recent years, and they now place some emphasis on nonfarm agricultural employment. But a vast majority of the material taught remains farm oriented, and the auxiliary organization is still called the Future Farmers of America. (Some interesting findings, not unrelated to the above recommendations, have been reported by Lester V. Manderscheid, "How Good is Your High School?" Michigan Farm Economics (October 1966), pp. 2-3. He found that farm vs. nonfarm background had little or no effect on college qualification scores and on college performance, but that those students who had participated in Vo-Ag did considerably poorer than those who had not. It was suggested that the probable explanation for this discrepancy was the fact that Vo-Ag substituted in part for college preparation courses.)