Agriculture in the 21st Century
Major Changes in U.S. Ag

- end of the frontier (1900)
- mechanization
- application of scientific production
- international markets
Fewer and Larger Farms

Figure 1-1. Number and Size of Farms in the U.S.
Fewer and Larger Farms

- Labor saving technology
- Off-farm employment opportunities
- Desire for higher standard of living
- Economies of scale
Types of Farms

- High volume, low margin producers
- Low volume, high margin producers
- Specialty product and service providers
- Part-time operators
Product Characteristics

- can be measured more easily
- prices will be adjusted accordingly
- greater incentives for product improvement
- react faster to consumer desires
More Differentiation of Raw Materials

- genetic engineering
- product identification and separation
- specialized markets
- advance contracts
Globalization

- World economy is more integrated.
- Trade barriers are being reduced.
- Farmers from all countries will compete for markets.
- All countries will compete for resources.
- There will be winners and losers.
Flow of Information

- more automated collection of information
- easier to classify and analyze
- how much can the human mind comprehend?
- what information is relevant?
- electronic communication is fast but impersonal
Financial

- electronic banking
- standardized financial statements
- electronic accounting
Smaller Farms Will Continue to Form Alliances

- achieve efficiencies
- specialize
- less independence
- more difficult to coordinate
- cooperatives
Vertical Integration

- Farmers may fill one niche in the supply chain.
- Highly specialized, highly skilled.
- May have contracts up and down the chain.
- Quality and timeliness are critical.
Rural Communities

- Farmers will be scarcer
- More rural residents
- May be residential centers but not commerce centers
- Quality of life will be more important
Agriculture must learn to serve an affluent society.
Final Thoughts

- As long as people eat there will be a living in agriculture.
- Agriculture is a mature industry.
- Extreme economic conditions tend to turn around.
- Good managers will take advantage of the good times and protect against the bad.