

MENDEL VERSUS MALTHUS: RESEARCH, PRODUCTIVITY AND FOOD PRICES IN THE LONG RUN

by

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ABSTRACT

Over the past 50 years and longer, the supply of food commodities has grown faster than the effective market demand, in spite of increasing population and per capita incomes. Consequently, the real (deflated) prices of food commodities have steadily trended down. The past increases in agricultural productivity and production, and the resulting real price trends, are attributable in large part to technological changes enabled by investments in agricultural R&D. Evidence is beginning to emerge of a slowdown in the long-term path of agricultural productivity growth. These productivity patterns mirror a progressive slowing down in the growth rate of total spending on agricultural R&D and a redirection of the funds away from farm productivity that began 20-30 years ago.

Many of the more serious economic difficulties that confront agriculture are born out of [a] difference in the pace of agriculture and industry. The plowman's tread does not allow running for a stretch and then walking or even stopping altogether. Agriculture has a steady gait, while other producers in the economy sometimes run and at other times simply stand still. Farmers, in the main, stay in full production regardless of the effects of business fluctuations upon the demand for farm products and in spite of governmental efforts to reduce output. This assures consumers of a large and steady supply of food and other farm products, but it means great instability in farm prices and farm income.

T.W. Schultz *Agriculture in an
Unstable Economy*, 1945, p. 12.