

5.6 & 5.7 Economic & Spatial Organization of Agriculture

Objective and Essential Learning

Explain how economic forces influence agricultural practices.

- Agricultural production regions are defined by the extent to which they reflect subsistence or commercial practices (monocropping or monoculture).
- Intensive and extensive farming practices are determined in part by land costs (bid-rent theory).
- Large-scale commercial agricultural operations are replacing small family farms.
- Complex commodity chains link production and consumption of agricultural products.
- Technology has increased economies of scale in the agricultural sector and the carrying capacity of the land.



How do economic forces impact agriculture?

SUBSISTENCE

- Crops and livestock are grown to feed the farmer, family & community. May sell small surplus at local markets.
- Access to markets are limited and farmers have less access to credit to pay for expensive farming improvements and labor.
 - Little income from farming
 - Manual and animal labor, hand tools.
 - Lack of infrastructure to facilitate global trade.
- Periphery Countries: Rural Africa, parts of Asia and Latin America



How do economic forces impact agriculture?



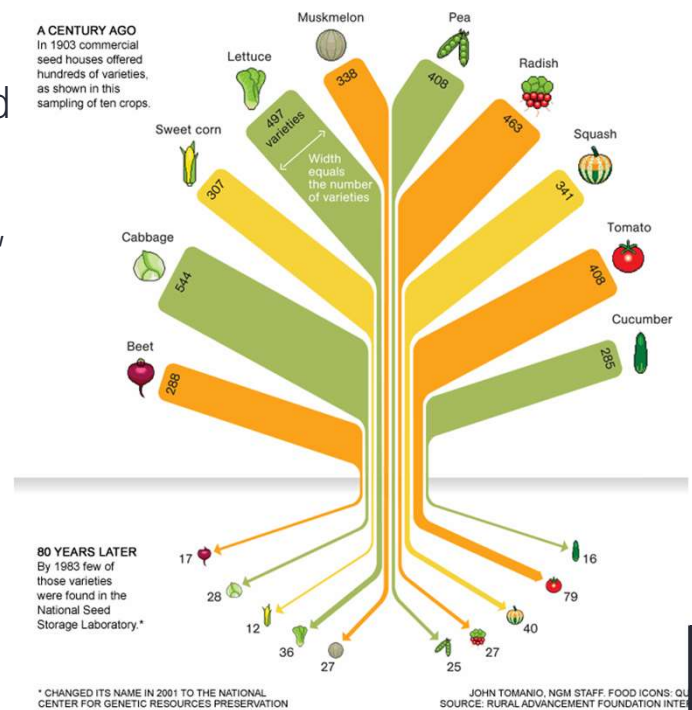
COMMERCIAL

- Crops and livestock are grown to sold on the global market. Purpose is to make a profit, not to sustain the farmer's family.
- Access to markets and credit allow commercial farmers to purchase modern farm equipment, advanced technologies and large plots of land.
 - Well developed infrastructure: Banking, transportation, and agricultural supply industries.
- Core and Semi-Periphery Countries

The Economy of Commercial Agriculture

Monocropping (Monoculture)

- The cultivation of one or two crops that are rotated seasonally.
- Allows for specialization and maximizes efficiency, leads to higher yields
 - Profitable for plantations and large corporate farms.
- Can strip nutrients from the soil, decrease biodiversity or put small farmers out of business.
 - Supply & demand = If there is more supply than demand, price goes down.



The Economy of Commercial Agriculture

Agribusiness

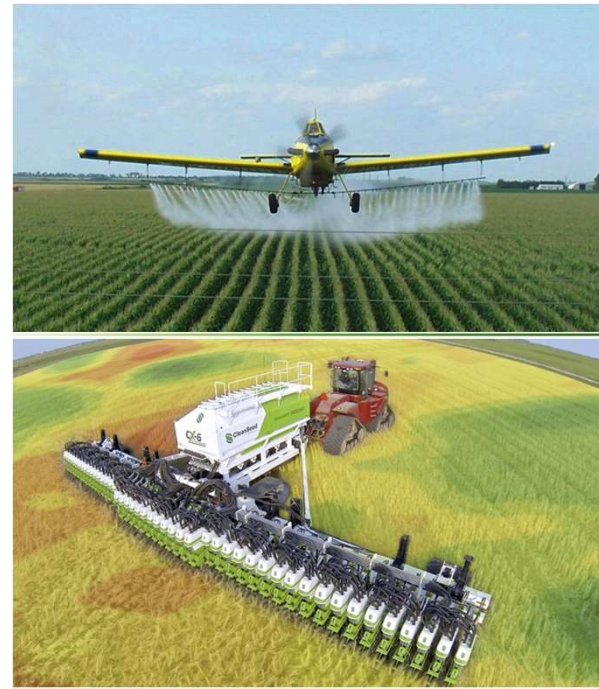
- The large-scale system that includes the production, processing, and distribution, financial funding and research of agricultural products and equipment.
 - While a majority of farms worldwide are family owned, the rise of agribusiness has changed the nature of farming, replacing small family farms with giant agribusiness corporations.



The Economy of Commercial Agriculture

Economies of Scale

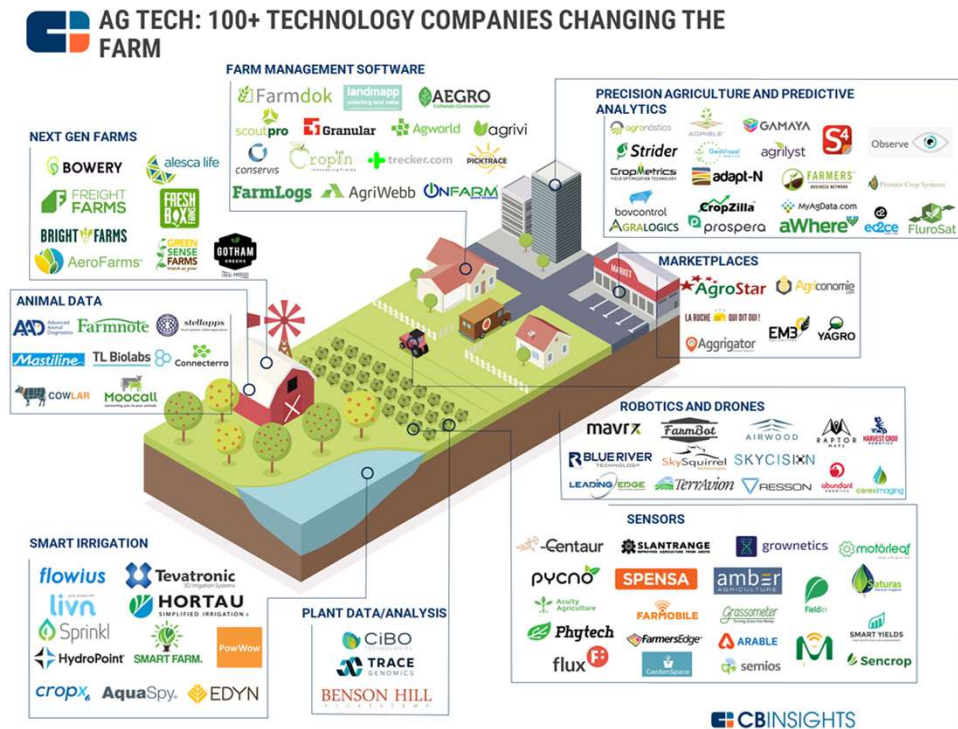
- Large scale farming is cost effective due to lower bulk prices for farming supplies and technologies.
- Modern equipment, fertilizers, pesticides, GMO and hybrid seeds all contribute to higher yields. \$\$\$\$
 - Bigger purchases due to bigger farms -> cheaper prices.
 - When production increases, the costs of production (inputs) decrease.
 - Results in less family owned farms



The Economy of Commercial Agriculture

Technological Advances

- Further increase the cost of operating farms but also increases the efficiency of agriculture.
- Increases the carrying capacity of the land, higher yields.



The Economy of Commercial Agriculture

Commodity Chains

- Complex network that connects places of production with distribution to consumers.
- Due to improvements in agricultural technology, agribusiness, and globalization farmers tend to raise crops and animals far from their final markets, and consumers can purchase them at low prices.

