



Why Price Supports?

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- Rural districts tend to have more legislative representatives.

- Farmers are often viewed as disadvantaged.
- Rural communities lack many of the amenities that cities have.
- Because labor productivity is lower in agriculture than in manufacturing, wage rates are lower.
- Technological change tends to expand agricultural production faster than consumption, reducing the price of farm products.

- Farm prices are volatile.
- Weather conditions, over which farmers have no control, are an important determinant of how much a farmer harvests in a given year. The resulting variability of production in the face of relatively stable demand causes farm prices, and farmers' incomes, to vary from year to year. This may cause economic hardship for farm families in a bad year

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# Forms of Price Supports