

Forms of Price Supports

3. Requiring (or paying) farmers to take land out of production. This "**set-aside**" approach rarely is very effective at supporting agricultural prices.

Farmers are profit maximizers: they set aside their
least productive land first.

Furthermore, a policy that creates artificial scarcity of land induces farmers to **intensify their production** practices on each acre that remains in production, increasing supply.

A bright yellow, multi-pointed starburst shape with a soft drop shadow, centered on a white background. It contains the text "Leftward shift in Supply".

Leftward shift
in Supply

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Farmers are profit maximizers: they set aside their **least productive land**.

Furthermore, the scarcity of land in production causes a **leftward shift in Supply** of their **product**, which increases the price of the acre that remains in production, thus increasing supply.

Effect of a Leftward shift in Supply

