Does the Family Farm Really Matter?

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Family farms have been revered in America since the days of Thomas Jefferson. But as more complex technology and commercial management enter farming, and as the national economy becomes more urban-industrial, the question arises whether old values in agriculture can — and should — survive. To put it squarely: Does the family farm really matter?

Does it matter whether the agriculture of the future is composed of family farms — or of big corporation farms, franchised or contract farming, tenant farming for absentee owners, or even new arrangements such as cooperative farms?

Does it matter to farmers, to consumers, to rural communities, to the nation?

Does it matter with regard to productivity, food supplies, conservation of natural resources, and protection of the environment?

Finally, does the kind of agriculture matter enough to affect public policy? National policy is involved in present trends away from family farming. Policy will have a bearing on whether family farming survives in the future.

What is meant by "family farming"?

The farming our founding fathers had in mind was seen as a welcome change from the feudal system that had prevailed in medieval Europe. That system was class stratified. The landowner was lord and workers were serfs. Plowing fields and tending herds was the lowest form of employment.

By pleasant contrast, in the big and fertile new continent the farmer could hope to enjoy the exalted status of freeholder. He could own and manage the land of his labors and receive its product.

That dream has never been expressed better than by the late John Brewster:

In permitting the hitherto separate roles of lords and serfs to be recombined within the same skin, the virgin continent gave working people the chance to (become) free-holders. The emerging agriculture of family farms generated within everyday people an envisioned realm of equal dignity and worth, which all America soon enshrined within her national self-image.

The family farmer still plays a multiple role. He is owner, worker, and manager. Moreover, he is a marketer — and markets are open to him.

Family farms are implicitly of modest size, but size is defined in terms of what family labor can care for. Acreage, investment or volume of sales figures are less applicable. Most labor on a family farm is provided by the family. Thus, hired labor cannot exceed labor provided by the farmer and family. The maximum amount of hired labor is often put at either 1-1/2 or 2 man years. The key feature is that family labor dominates.

All land need not be owned by the farm operator, but most family farmers will own at least part of the land they farm.
few may temporarily be full tenants, but neither widespread nor life-long tenancy is considered to be family farming.

Management may be vested in individual proprietors or family partnerships, but the right to make independent production and marketing decisions is crucial. Family farmers can freely buy supplies and sell the commodities they produce. If they must have production contracts, they are not truly family farmers.

**Open markets are essential**

Even though family farms are not defined here by volume of sales or assets, a system dominated by a relative handful of very large farms would not be considered a family farming system, regardless of who owns, works on, or manages individual farms.

On the other hand, a family farm does not mean an unprofitable small farm. It is one where efficient production methods enable farmers to earn acceptable incomes in line with their personal abilities.

Because family farming, like any human institution, stands in more danger of disregard than of denial, these definitional concepts must be adhered to fairly strictly.

**Family farming is not a closed shop**

One of the most important intangible qualities of family farming is that such a system offers opportunity.

Young people have been welcomed into family farming. In recent years, sharp increases in the cost of entry have worked against preserving this characteristic of family farming. Entry barriers now bring urgency to the question of whether a system of family farms can survive.

**The trend away from family farms**

Present trends indicate that the family farm as the nucleus of U.S. agriculture is slipping away. We are moving toward a dual agriculture. At one extreme are many small farms, most of them part-time. Fifty percent of all farms, as defined by the U.S. Census, market only about three percent of all farm products. Most of these farmers depend on non-farm income for their living. They are not easily dislodged from farming, although rising costs of fuel for transportation may work against them.

At the other extreme are very large farms. In 1978, the very largest farms, 2-1/2 percent of the nation's total, accounted for 40 percent of all marketings. Among the largest farms are some large land holdings, but commercial cattle feedlots, egg cities and large hog operations also are prominent.

About one-sixth of all farm marketings come from contractually integrated production. Poultry and fruits and vegetables for processing are well known examples, but contracting extends across much of agriculture.

Family farms, intermediate in size and distinguished by their market connection, now contribute no more than half of all farm marketings.

**Why the trends take place**

Some argue that new technology, particularly larger field equipment, is almost totally responsible for the trend toward bigness in agriculture. But many explanations now center on financial incentives that favor larger farms. Farm program benefits, applied on a bushel or acre basis, favor larger farms. Tax rules favor high-bracket investors in agriculture, including high-income non-farmers. Larger farmers can often enjoy better access to credit.

Lack of access to markets may be the most subtle threat to family farms. By definition, a family farmer engages in open buying and selling of materials used in production and of commodities produced. The largest farms, however, tend to
buy and sell direct. Bypassing local and central market firms, whether of machinery dealers, livestock auctions or a
dozens others, threatens the dispersed local market institutions on which family farming depends.

How psychology affects survival

Almost by their nature, family farmers lack powers of survival. The reason lies in the psychology of the individual
farmer, whose concentration on his own operation tends to distract him from concern for forces that affect family
farming as a whole. This has been referred to as family farmings' "non-instinct for self-preservation." Although many
examples could be given, a prominent one is family farmers' support for income tax concessions. Each concession — a
deduction from income subject to tax, or to the tax itself — looks attractive to the individual family farmer. But because
of our tax structure, most concessions are relatively more advantageous to the high tax-bracket investor, whether farmer
or non-farmer. The net effect of these concessions is harmful to ordinary family farmers.

High productivity and a good food supply

Among the questions associated with family farming, the productivity record of family farm agriculture is perhaps most
widely acclaimed.

American consumers have an abundance of nutritious food available to them. In addition, sizable quantities of farm
products, notably the grains, are exported to foreign markets each year.

But the record does not prove family farming to be more productive than, say, a system organized along the lines of
industrial corporations or even a tenant-dominated agriculture. Big, well-managed corporations are adept at using the
latest technology. Non-farm landlords relieve operating farmers of the burden of raising capital for purchase of land.

Certain operations such as commercial feeding of cattle can be more economical as large operations. The big new hog
facilities may have a genuine advantage. But these hog facilities often are subsidized by income tax deductions. It
remains to be seen whether they can weather the low price period of the hog cycle better than family hog farmers can.

There are some production economies in farming up to about two worker-years of labor. Beyond that size, the output per
unit of input changes little. Productivity differences between the well-managed family farm and most other kinds of
farming are not wide enough to be the basis for policy choice.

Going beyond production efficiencies, could farming operations get so large as to exert damaging market power?
Particularly if the big firms can join together, directly or tacitly, they may be able to lift the price of farm products
exorbitantly and resist price declines when supplies are large. This is the threat consumers are most sensitive to. Nor is
there clear evidence that higher prices imposed by huge firms would help workers on the land.

Conservation of soil and protection of the environment

Farm leaders often declare that family farmers accept a stewardship relationship to soil and the environment. Family
farmers want to preserve farm productivity for future generations, it is said. By implication, other farmers are thought
less likely to be good stewards. This attitude prevails widely and is sincerely believed. Unfortunately, not all family
farmers have lived up to these noble ideals.

The family farm tradition is potentially positive toward conservation and environmental protection. But measures to
improve conservation and regular use of chemicals will necessarily be initiated through government. Family farmers
will cooperate as well as others, but family farming is not a guarantee by itself of adequate conservation and
environmental protection.

Financial welfare of farmers
Family farmers have not always fared well financially. The succession of farm programs enacted since 1933 is evidence of the public's concern about the financial well-being of farmers, especially family farmers.

**Would they do better in a different system of agriculture?**

Some "farmers" could become employees of industrial-type corporations. They would qualify only for wages and salaries. Over time, their income would become similar to earnings in industry. But they would get no returns from managing or land holding, as a family farmer does. Wage workers, and some salaried ones too, would eventually be unionized — perhaps to their gain. They would be protected by unemployment insurance and other fringe benefits that go with industrial employment. They also would be subject to seasonal changes in employment and layoffs.

What about family farming versus full tenancy? The tenant farmer receives only the income generated by his labor and by the amount of capital he provides. He gets none of the return creditable to land. Moreover, the historical record shows that when tenant farming becomes widespread, it is difficult for the tenant farmer to protect his income because of the intensified competition for land.

The question of financial returns brings us back to the multiple role of the family farmer. The farmer who owns at least part of his land gets a combined income from land, labor, capital and management. As land becomes relatively scarce, more of the total return generated in farming (including capital gains) will go the landholder. Family farmers then will be likely to enjoy a growing advantage over farm workers, tenants or contractees. However, they may not do as well as absentee landowners, or the owners/managers of large land holding corporations, all of whom will want to acquire land for its increasingly attractive returns on investment.

**Opportunities and other values**

In the early 19th century, land settlement was a big part of the economic growth of the nation. Family farmers who cleared land and plowed the virgin soil provided the underpinnings for increased commercial activity.

There also was a belief that those who owned and lived on the land would want to protect it, their home, their community. Family farmers were seen as responsible citizens and the backbone of a democracy.

The idea that life on the land develops superior personal qualities is known as agricultural fundamentalism. The doctrine still has strong adherents, even though farmers are less different from non-farmers than they used to be.

However, these good attributes are most often associated more with the proprietary or family farmer. They would be less visible in wage workers or lifelong tenants. The man or woman in charge of his or her own land and livestock is, supposedly, the one most possessed of "fundamental" values.

These values were easier to realize when the open frontier was an invitation to opportunity. If the qualities of family farming are worth preserving, conscious effort must be made to keep the door of opportunity open.

**Does the family farm matter to the rural community?**

Of all questions about the qualities of family farming, its meaning to the rural community offers the most clear-cut answer. Whether or not family farming is preserved does matter to the rural community.

The question cuts two ways. First, does family farming contribute to the financial strength of local businesses? Second, are proprietary farmers better community participants than farm wage hands, tenants or contractees?

An especially strong case can be made in answer to the first question. Family farmers buy most of their inputs from local suppliers (including their cooperatives). They sell most of their products into local or regional markets. Much of the business enterprise in rural towns and small cities is farm-connected.

In sharp contrast, large corporations engaged in farming are less likely to get their credit from local banks, their
machinery from local dealers, or their fertilizer from the local farm supply firm. They also are more likely to sell their products directly to a distant market or processor.

An absentee-landlord agricultural system lies midway between family farming and big corporations in support of local businesses. Tenants do not bypass local suppliers and markets the way big corporations do. Even so, absentee-landlords, like industrial corporations, drain farm income away from the local community. Less of it remains to be spent locally for farm inputs and especially for food, clothing, recreation and other items for family living.

How well farmers of various categories enter into local community activity is more difficult to generalize. Family farmers clearly enter into community activities more actively than wage workers, but little data is available on how well tenant farmers participate in community affairs.

The pattern for farmers producing under contract is mixed. Some contracting farmers have low incomes and may feel themselves to be of low standing in their communities. But contractual producers of vegetables for canning, even though they have transferred much risk-bearing and management to the contractor, enjoy relatively high income and hold positions in their communities.

Owners or managers of large, industrial-type farms who live outside the local community would assume few civic responsibilities within the community.

Summary and implications

This guide has presented the unchallengeable data on the gradual decline in family farming, more judgmental notions as to why those trends are occurring, and the highly personal concern as to whether the trends matter.

Whether they matter depends on one's appraisal of the impact to be expected from a highly concentrated agricultural system as contrasted with dispersed family farming. In an industrial-type structure, the incomes of persons working in farming might be protected reasonably well, especially if all the trappings of unionization and fringe benefits were added. But those persons would still be wage workers. Hence the nagging question arises once more: How much importance is to be attached to the status of the family farmer who both labors on the land and owns and manages it?

Where does the public interest lie? When economic and sociological values are taken into account, is it better to have a farming sector of proprietary farmers who provide most of their own labor as well as capital and management? Or is there nothing to fear from a class-stratified agriculture — either one of tenancy as farmers work the land held by absentee landlords, or one of industrial corporation control through contract in which "farmers" are essentially wage-hands?

References


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