

Corporate farming laws questioned

By JERRY WEBB
Delaware Cooperative
Extension Service

NEWARK, Del.—An increasing number of state governments have established laws banning completely, or placing severe restrictions on, corporate farm activity. Almost one-fourth of the states—most of them Western and mid-western farm states, have such laws and the list is growing.

If you're fond of the family farm you may applaud these actions. But beware—laws that control entry can also control exit. And something that was set up to manage the bad guys may also work against the good ones.

On the surface a law that restricts the movement of multi-company corporate giants into the corn fields and cow barns of rural America seems like a good idea. But let's look deeper.

In the first place those big corporations aren't that hot when it comes to farming. Many of them tried it with disastrous results. They couldn't sell out and go back to town fast enough. A few have stuck it out but pose no great threat to family farming.

Over the years farming hasn't been profitable enough to attract much corporate money. Beyond that, there are just too many uncertainties. Board members and corporate managers aren't geared to financial loss due to hail storms and flooded fields. They'd rather spend the stockholders money on things that can be counted on. They understand assembly lines, production per man hour, things like that. They don't understand corn blight, hog cholera and wet ground.

Another thing farmers must consider before applauding too loudly for anti-corporation legislation is the direction all agriculture is headed. The word is big. Big farms with big equipment and big money needs will rule agriculture in the future. In fact, they do already. While most of these are still essentially family farms, they're organized differently than they used to be. The family farm corporation is commonplace and plans that involve pooling of resources and talent between individual farmers are increasing. Laws now on the books could restrict these kinds of arrangements.

Here are examples of some corporate farming restrictions:

—North Dakota — all corporations are prohibited from producing food.

—Kansas — no farm corporation of more than 10 shareholders and no more than 5000 acres. No more than 20 per cent of corporate gross from nonfarm sources.

—South Dakota — no more than a 20 per cent increase in acreage in any five year period.

—Minnesota — five shareholder limit and majority must live on the land or actively engage in farming.

—Missouri — two-thirds of corporation's income must result from farming.

Obviously these are the harshest parts of several detailed laws aimed at saving agriculture from big city money.

I guess the point that really upsets me about this concept is that governmental units are deciding who will be allowed to farm. If a corporation can be excluded, why not lawyers and doctors? Maybe the legal heirs to a farm would have to sell the place because they live somewhere else. And possibly a group of farmers would be denied the right to set up a farrowing operation or grain drying facility.

Taking this concept a little further, perhaps a law would be passed that would establish for all time the number of farming units in a state. A farmer would then be tied to the land until an acceptable replacement was approved who would then buy out the farmer at some government established figure.

And the young man from the city who attends an agricultural college and gets financial backing from a rich old uncle is denied entry completely because the "board" feels his roots are not in agriculture and he would be an undesirable addition to the community.

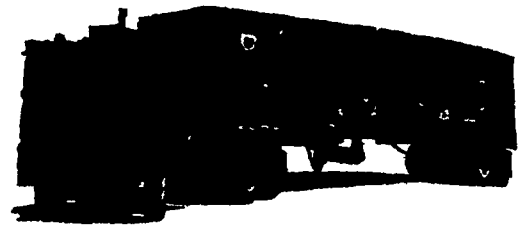
This may sound farfetched, but if you combine the worst of the existing laws you come up with something about that bad. And if it's possible to combine the worst, somebody will probably try. I think agriculture would suffer in the process.

Let's keep agricultural entry and exit wide open. Anyone who can afford to get in or get out should have the chance. I think the family farm will survive a lot longer in a free environment.

So, while we may not appreciate the big nonfarm giants setting up their great big farms, it seems unwise to legislate against them. Let them sink or swim like other farmers. If they can adjust let them enjoy the same opportunities that more traditional farmers enjoy. If they can't, they'll get out soon enough and make room for serious farmers.



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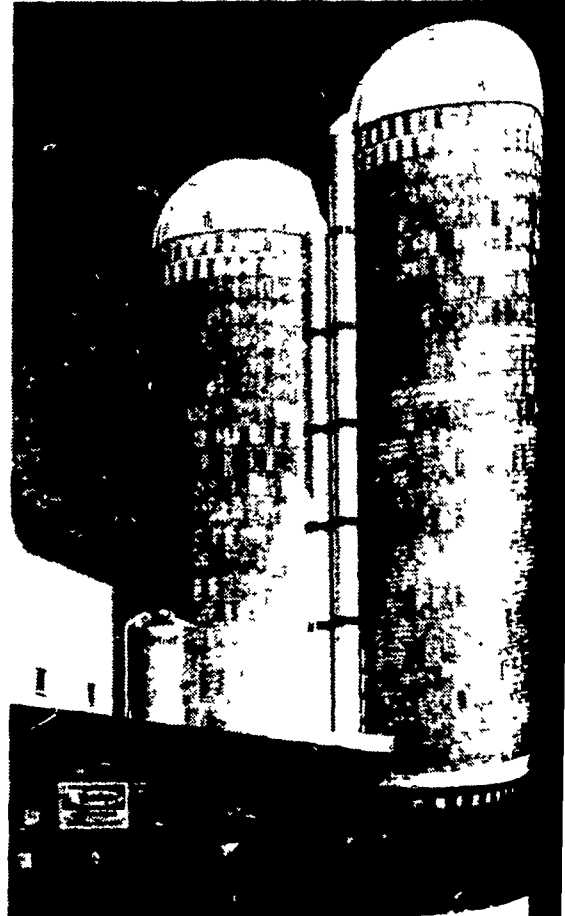
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