

Legislature will affect future of family farms

DOVER, Del. — Here, as across the nation, the future of the family farm is receiving public attention.

The structure of agriculture is changing, points out Gerald F. Vaughn, Delaware extension specialist in community and resource economics. There is a pronounced trend toward fewer and larger farms, greater specialization in production, and more dependence on the nonfarm sector.

Thus, the 1980's may be a decade of key decisions on the family farm survival issue.

Concerns about the structure of agriculture have both economic and social aspects. Although there are wide differences of opinion on the importance of changes in the structure of agriculture, three issues appear to have become the focal point of concern: efficiency, control, and social values.

Efficiency gains, associated with larger and more highly integrated farm operations, vary widely from commodity to commodity. In crop production it is generally believed that a single family farmer employing no more than one or two hired laborers is as efficient as larger scale operations.

However, larger farms may have advantages in purchasing inputs and in marketing. These advantages, plus the larger absolute net income associated with a larger volume of sales, have resulted in a continuing trend to larger farms.

In livestock production, efficiency gains are associated with larger scale integrated production and marketing systems. Such gains have been particularly apparent in the poultry industry and apparently exist in cattle feeding and hog production as well.

Offsetting efficiency gains associated with large-scale farming are potential adverse effects of increased concentration of land ownership and control of production and marketing decisions. As competitors in an industry become fewer in number, economic theory suggests that the acquire market power to raise prices.

In addition, over time, added costs may be built into large-scale farming operations through nonprice forms of competition, complacency, and the lack of strong competitive pressures. Such increased costs potentially exist if and where agriculture becomes highly unionized.

Social concerns in the farm structure debate revolve around the merits of the family farm as a cultural institution, the importance of land ownership as a part of the family farm, and the impact of fewer and larger farms on rural communities.

A California study shows that communities dominated by highly industrialized, integrated agriculture and concerned land ownership are characterized by a lower level of economic activity,

fewer community services, less participation in political activities, and less participation in social and religious institutions.

The weight our society places on these social considerations could have an important impact on the legislation Congress enacts affecting the future structure of agriculture.

Within the basic structure of American agriculture, three trends emerge, according to Vaughn. First, a large and growing proportion of farm families earn a majority of their income from off-farm jobs. The growth in off-farm employment has been fostered by increased availability of nonfarm jobs in rural areas and by participation of farm wives in the labor force.

A second trend is the shift from family farms to larger-than-family farms and to industrialized farms. The trend to larger-than-family farms appears to be occurring from within agriculture as expansion-oriented farmers continue to buy out smaller farmers.

The trend to industrial farms is more pronounced in some commodities than in others. For

example, most of the poultry and processed fruit and vegetable industries have already moved to industrial farming. Steps in the same direction are currently under way in hog and beef feeding.

Crop production agriculture remains a stronghold of the family farm, but even here, the question arises: If much of agriculture is composed of larger-than-family and industrial farms, can family farms survive in crop agriculture? Third, while a characteristic of American agriculture has been ownership of one's farming operation, an increasing proportion of the farmers own only a portion of the land they farm.

A significant proportion of the land that is partly owned by the operator is held by individuals who have retired from farming.

However, increasing nonfarm ownership is evident.

While most legislation affecting family farmers was enacted in the interest of family farmers, it has often had just the opposite effect. Policymakers at work drafting legislation for the Food and Agriculture Act of 1981 are considering a number of alternative

strategies for reversing the declining role of family farms in U.S. agriculture.

For a fuller discussion of family farm policy issues, contact Gerald F. Vaughn for Factsheet #4 of the series devoted to food and agricultural policy issues for the 1980's.

The factsheet analyzes seven family farm survival policy alternatives that Congress may consider: 1 - free market, 2 - directing farm program benefits, 3 - taxation, 4 - antitrust and open market maintenance, 5 - control of entry, 6 - government services to family farms, and 7 - family farm cooperatives.

A free copy may be obtained by writing to Vaughn at Agricultural Hall, University of Delaware, Newark, DE 19711.

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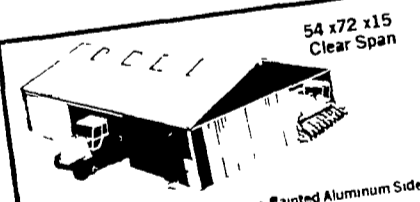
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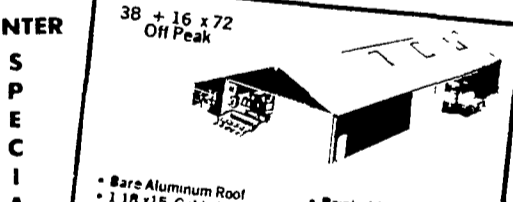
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