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POLICIES FOR NONCOMMERCIAL FARMS

*W. Fred Woods
Extension Service, USDA*

We are told there are some 2.2 million farms in the United States and that various types of federal farm programs are essential for their continued survival. Actually we have been told the latter since the early 1930s when there were some 6.5 million farms in the United States.

Most of us do not question the relationship between total numbers of farms and farm policy although we are fully aware that, of total farms, somewhat more than 600,000 are commercial and about 1.6 million are noncommercial.

Of course the commercial farms, those with annual agricultural product sales of \$40,000 and more, produce about 90 percent of U.S. agricultural products, receive about the same proportion of federal farm program payments and earn all of the net farm income. On the other hand, the noncommercial farms, those with annual farm sales under \$40,000, produce about 10 percent of farm products, receive less than 10 percent of farm program payments and, from a farm accounting standpoint, operate their farms at a net loss.

I hope this highlights the first point I want to make: when we talk about farm policy we generally mean a *commercial* farm policy, implemented through farm programs that are typically production adjustment or commodity programs with benefits tied to bushels and bales and hundred-weights of production. Obviously the majority of benefits go to those who produce the most. That is the way the program is designed. Noncommercial farmers will never benefit, at least directly, from a policy that is aimed at commercial farms. That leads to several questions. Should there be a policy for noncommercial farmers? What form should it take? Should noncommercial farms even be classified as "farms"? Is it fair to hold 1.6 million farms, for lack of a better term, "hostage" in agriculture to justify welfare payments to a portion of our 600,000 commercial farms?

Is U.S. agriculture products or people? When Abraham Lincoln established the U.S. Department of Agriculture (USDA) 125 years ago he called it "the people's department." I am sure it is not that today.

All the blame should not be placed on USDA, however. The Congress, the land grant community and others must share the responsibility.

I have urged for several years some effort to gather more detailed information about the noncommercial farm population and have been repeatedly told that, though we really should know more about this group, such an undertaking would be too expensive. So what we have had instead is a succession of studies of segments of "small" or noncommercial farms. Frequently each study, like the blind men who were taken to "see" the elephant, infers its findings to the whole population.

Many of us, and not *only* the politicians, find it more convenient not to know very much about this major segment of our rural population. For then we can, and currently do, use it to support almost any argument we care to make.

We can blindly assume that all "places" with \$1,000 or more in farm sales are farming businesses and argue that farm programs are essential for the survival of 2.2 million U.S. farms.

Even when we talk about "noncommercial" farms we tend to treat them as an amorphous group to make whatever point captures our fancy at the moment. Want to create sympathy? Then we address the portion that are "low-income, limited resource," however we are defining that at the moment. On the other hand, if we are forced to admit that this group does not benefit from current farm programs, we say that they are "hobby farmers" who don't deserve government assistance. After all, on the average, they receive about \$18,000 a year in nonfarm income.

We say that they are high-cost, inefficient producers but the USDA Cost and Returns Survey covers only a small fraction of these units of production. So we really don't know much about their costs or even if the usual cost of production calculations are relevant.

Averaging this disparate group of 1.6 million units conceals a lot of diversity.

It is not my purpose to proscribe a definite policy or set of policies for noncommercial agriculture. What I want to do is to point out, on the one hand, the dishonesty inherent in the insinuation that current farm policies address the needs of both commercial and noncommercial farms and farmers, and, on the other, to indicate something about the widely disparate population to be addressed if a policy for noncommercial agriculture should emerge.

Noncommercial farms are a part of the pluralism of rural America. Some farmers are poor, some well-off; some depend on farming for a living, most probably don't; some are too old to do anything else, some don't want to do anything else. How many are in each group? We don't know very much about that.

Probably about 15 to 20 percent are the traditional "low-income, limited-resource" farms. About 25 percent of the operators are more than 65 years old.

What about off-farm income that currently is high enough for the average noncommercial farmer to support the argument that this group doesn't need help? Matthew Smith, Economic Research Service, USDA, using 1979 data, found this income distributed more unevenly than incomes of all rural families generally. Looking at small farms with annual sales less than \$20,000, he found that 50 percent of them earned less than 20 percent of the group's total income with the remaining half earning more than 80 percent.

This latter half is responsible for the view, so often extended to the whole group, that "farming" activities for the noncommercial group range between hobby and tax shelter and consequently are not deserving of public policy concern. "Hobby," "residential," "weekend," "sundown," and "reaction" are terms frequently used to describe them.

Cochrane, in his recent *Choices* article (yes, the one in which he says extension is old and tired and reluctant to take on new policy directions), asserted that noncommercial producers of traditional crops were typically laggard with respect to adoption of new and improved technologies appropriate for their size of operation and geographic area (Cochrane). Admittedly he defined his target group somewhat differently than I do.

He is probably right about some of this group. But I would venture the opinion that new and improved technologies appropriate for their size and area simply don't exist. Neither public nor private researchers, for the most part, have any interest in developing technologies that are best suited for small-and moderate-sized and part-time farms.

The pious plea of publicly supported research administrators that the vast majority of agricultural research is size-neutral simply is unacceptable in the face of structural change in U.S. agriculture.

I agree with Cochrane's contention that noncommercial farms have received short shrift from government agricultural policy—commodity programs, research programs and service programs, including extension. It does indeed sometimes appear that farm policy guidance comes from Matthew 13:12: "For whosoever hath, to him shall be given, and he shall have more abundance: but whosoever hath not, from him shall be taken away even that he hath."

While at least half of the noncommercial farm group suffers serious income problems, commodity programs won't help them. Their volume of production is just too low.

Continuing to include the noncommercial farm group with commercial farms is not only dishonest but will continue to obscure our

ability to address the real problems of this group. Problems facing older noncommercial farmers living on social security are like the problems facing all the elderly, farmers or not. Younger noncommercial farmers, working full-time off the farm or not, should be viewed in the context of the overall labor market with its problems of displacement. Most of the fraction of noncommercial farmers who currently have significant nonfarm income have solved, in one way or the other, the labor adjustment problem. Others, though, need help in financing basic education, vocational training and retraining, job research and the production of employment opportunities.

These needs and other broader, basic needs of whole rural communities could and should be addressed in a comprehensive national rural development policy. The kindest thing one could say about current rural development policies and programs is that they are highly fragmented.

The farm concerns of noncommercial farmers should not be ignored because farm income is an important part of overall income and well-being of many of this group. Most proposals to help on the farm side are aimed at making commercial farmers out of noncommercial ones. The activities coming out of these proposals can, and have, helped some farmers. Many, however, are long on technical production advice, but short on the economic knowledge and entrepreneurship needed to find and supply market niches and to manage intensive and exotic enterprises. These programs need to be continued and strengthened but need to recognize that all noncommercial farmers don't want to be commercial farmers, even if they have the ability and resources to be. There is also considerable room for innovation in educational methodologies needed to reach noncommercial farmers.

Noncommercial farms, whatever we call them, will, like the poor, be with us always. And well they should. In addition to contributing to the quality of rural life, with all those values that most of us still treasure, they fill a real economic need by filling local market niches and providing, to some extent, a competitive yardstick against which prices and quality of the products of the commercial farm segment can be judged.

But equity and the need for sound public policies require that we change the way we view noncommercial farms. They cannot be helped by traditional commercial agricultural policies; admitting this may contribute to more sensible, and less costly, farm programs. It may also permit us to move ahead in developing a sensible rural development policy that really would benefit all 2.2 million U.S. farms, rural areas and the rest of the economy as well.

REFERENCES

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