U.S. SMALL FARM POLICY SCENARIOS FOR THE EIGHTIES

BY

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Introduction

I consider it an honor to have been invited to address this annual meeting of your association. As president of a land-grant institution I have a particular concern for your work.

Your successful work has affected the agricultural policies of the nation. I certainly want to add my congratulations to your successes, but I am moved to challenge you to focus your talents on public policy and social science research for the small farmers. Their cause represents a most exciting proposition.

The traditional debate over "Agricultural Policy" has been expanded to include equity. The nation is no longer interested in just food and fiber production. Costs to consumers and rural developments have become major issues. I believe the agricultural economists have major responsibilities and a vital role to play in solving the problems of small farmers.

BACKGROUND

Agriculture is one of America's most crucial sectors. It is big business and has great potential in the international arena. According to USDA's "Agricultural-Food Policy Review", The agriculture sector had nearly $30 billion in exports in 1978. Agriculture's role as a "balancer of the books", vis-a-vis the international trade markets allow the U.S. a greater deal of leverage in minimizing balance of payment deficits.

The land-grant universities with their agricultural research, extension and teaching programs are a part of the American agrarian tradition. The primary role of these institutions has been to change and modernize agriculture. These institutions provided the technology for the agricultural revolution. Improved technology released labor from food production and made it available for industrial and commerical expansion. In 1776, nearly 90 percent of the population was engaged in agriculture. After 200 years, in 1976, only 4 percent of

the labor force was on farms and today even less than that. The productive efficiency of our agricultural system makes available to us an excellent diet by world standards at a very low cost. In addition to meeting our food and fiber needs we have been the largest source of surplus food in a hungry world.

Technological developments in agriculture have increase the nation's agricultural output, but they also have created many problems for human resource development. These developments have displaced many workers from agriculture, who were either farmers or employed on farms. Many of these displaced workers have inadequate education and training for non-agricultural jobs. Moreover, the best educated and most adaptable part of the rural population tends to move to urban areas, leaving behind many people who are unable to compete either with larger agri-business or for rural industrial jobs. The President's Commission on Rural Poverty concluded in their 1967 report that: "Farm operator families without the skills or resources to keep pace in the farm technological race, and without offsetting nonfarm job opportunities, comprise a large part of the poverty problem" (President's Commission, p. 141).

You are aware of the several major structural changes which have taken place in the agricultural sector since World War II and which can be attributed partially to technological developments. These changes are: 1) declining farm numbers; 2) increasing average farm size, and 3) increasing concentration of farm resources in fewer hands. The number of farms have decreased since reaching a peak of nearly seven million in the mid thirties, dropping to 2.8 million in 1974 and again 2.6 million in 1978. The rate of decrease in the number of farms, however, has slowed from 2.7 percent per year in the 1950's to 1.1 percent in the 1970's (USDA 1979, p. 13). The increase in farm size, is as dramatic as the decrease in number of farms. In 1974 the average farm size was 440 acres, more than double the average farm size in 1950. However, the total cropland used for crops in recent years has been almost identical to the total of the

mid 1930's, 370 million to 380 million acres (USDA 1979, p. 13). Thus the farms that "disappeared" were incorporated into other farms.

The concentration of land harvested by larger farmers has increased over-time. For example, in 1974, land harvested by all farms with 1,000 acres or more was 100 million acres against only 60 million acres in 1964. Thus in 1974, slightly less than 10 percent of the farms accounted for one-third of the land harvested in the United States (USDA 1979 p. 13). Concentration in agriculture has brought U.S. agriculture to a point where six percent of the total number of U.S. producers supply 53 percent of total sales. The six percent figure is comprised of an estimated 162,000 farms with sales of $100,000 and greater (NRC 1978, p. 4). At the lower end of the concentration spectrums exist that group of small farms which are the focal point of this paper.

THE SMALL FARM SITUATION

Changes in agriculture have blurred the once clear distinction between farm and non-farm populations. At present there is no one definition of small farms which conforms to the accepted notions as to what constitutes small and which is easily quantifiable for purposes of enumeration and statistical analysis. Although the gross farm sales per year ($20,000) criterion is the one most commonly used, it can easily be misleading because of variation in input requirements and the extent to which inputs are produced on the farm or purchased (West 1979, p 49). It is recognized that defining small farms remains a problem in the agriculture field.

A large number of farms would be identified as small regardless of the measure used. By the criterion, average annual sales of $20,000 and less, there were 1.8 million small farms in 1974. They represented 69 percent of the nation's 2.8 million farms, 27 percent of the land in farms, and 32 percent of the market value of machinery and equipment on all farms (USDA, 1977). But the contribution of these farms to national agricultural output was lower than either

the number of farms or control of resources would indicate, as they accounted for only about 11 percent of all the sales. Although these farms represent a relatively modest proportion of U.S. agricultural sales, they may prove crucial and of increasing importance to agricultural policy and the development of rural areas.

Small farms are located throughout the nation with major concentration in the South followed by the North Central region. In a recent study, it was reported that 14 southern states of the U.S. contained 794,148 small farms, nearly 50 percent of the nations small farms. In 1974, it was determined that over 50 percent of the U.S. farms with annual sales under $5,000 were located in the southern states. In contrast this region accounts for only 23.6 percent of the farms with sales exceeding $20,000. Southern small farms with sales less than $20,000 accounted for over 40 percent of the value of the region's agricultural products (Orden, Buccola and Edwards).

The black farmers are concentrated in the southern U.S. and are virtually non-existent in other regions. There were 59,371 farms or 2.6 percent of the total number of farms operated by black and other races in the United State in 1974. Of these, over 80 percent are located in the 16 southern states with 1890 land-grant institutions (Comer). The number of black farmers have declined at an alarming rate. From 1959 to 1974, southern black farms declined by 82 percent, leaving only 47,000 black operators in 1974 (Orden, p. 13). Of these black farmers 92 percent operated farms with gross sales of under $20,000 per year or they were small farmers.

The impact of the rapid and continuing technological advance in agriculture has not been basically different for blacks than for other farmers. But blacks often are concentrated in those classes and types of farming that are most affected by technology, for example, cotton and tobacco crops.

A still sizeable number of black farmers remain in the agricultural sector and their future, in agriculture is bleak. Black farmers face all the same disadvantages as white farmers, but must also contend with problems of racial discrimination in such areas as credit, land acquisition and in the services provided by the agricultural agencies.

SMALL FARM ISSUES

The Present structural concentration of agriculture and the contingent ill-fated position of the small farmer have been created partly due to the bent in U.S. agricultural policy. The historical bias toward efficiency over equity had deemed that technology and programs be conducive to large-scale farming, and hence have induced concentration. Accompanying the successful concentration on large-scale agriculture has been the public and private sector's neglect of problems and issues important to the small-scale farm. The popular book, Hard Tomatoes, Hard Time, lays bare the fallacy in U.S. agricultural policy and the accompanying role of the land-grant complex creating a subculture of disadvantaged throughout both rural and urban America. Research done in land-grant universities has mostly helped relatively larger farmers. However, most of the research was conducted with the belief that benefits would filter down and small farms would also be able to use the results of the research conducted. This has not happened, instead the research has helped the concentration process even more. Only recently research projects specifically for small farmers were initiated. In 1978 a report identified 67 projects with an estiamted 27 scientist year oriented toward small farms. But these 67 research projects represented less than half of one percent of all state agricultural experiment station research projects (West, 1979). Another point that I want to emphasize is that nearly half of all the small farm research projects are being conducted at the sixteen 1890 land-grant universities and Tuskegee Institute. Most of the research work in this vital area of small farms was primarily initiated at these institutions. This I believe was due to the

reward system at larger agricultural universities, as work in small farm areas was not considered important nor publishable in recognized journals. Also, scientists at these institutions focused their research and extension efforts on larger commerical units because they have substantial political clout. Thus, the role of U.S. agricultural policy and agricultural universities have given rise to both an undesirable level of concentration in agriculture and an intolerable level of human disadvantage across the United States.

The most important issue concerning small farmers is whether they can make a decent living within the rural communities. It has never been proven that small farmers, given adequate incentives cannot make a decent living from their farm. There are still 1.8 million farmers trying to make a living from their farms, but under the prevailing circumstances, an ever increasing number of them is forced to seek off-farm employment. The demise of small farms in a area leads to the inevitable decline of the surrounding rural communities.

In addition to the costs to the individual there are social costs indirectly borne by consumers. The costs of social services to support, train, and employ this population have overwhelmed many cities. The President's Commission on Rural Poverty concluded that many people "merely exchange life in rural slum for life in an urban slum" (President's Commission, 1967). Furthermore, there is concern about conglomerate corporate farms, which may prove to be less efficient than family operated farms. Also there are obvious environmental problems associated with chemical - energy intensive methods of industrial agriculture.

PROBLEMS FACED BY SMALL FARMERS

If future policies are to be outlined to slow down or reverse past trends, it is important to determine causes of major problems that small farmers face. During the early decades of this century, there were a few large farms, but mostly "family operated farms" that were similar in size and had similar problems. This is not the case anymore. Due to heterogeneous nature, farm problems and their solutions are likely to vary. The problems that are generally associated with

small farms are: 1) lack of information; 2) production inefficiency; 3) appropriate technology; 4) energy and input prices; 5) marketing systems: 6) tax structure; 7) land and its availability; 8) government policies and regulations, and 9) off-farm employment.

1. Lack of Information:

Established means of communications have failed to work for low-income farms. The role of disseminating the research results has been primarily the responsibility of the agricultural extension service. In theory, extension programs are freely available to everyone; however, small farms do not seek help or use information from the agricultural extension service as readily as more successful farmers. Extension has claimed to work with most receptive farmers on the basis that knowledge would "trickle down" to others. But surveys in Illinois and Indiana (Charles, p. 6), and in New York (Wordle p. 24) have shown that this hasn't happened. This may be due to several reasons, such as the reward system within the agency and "there has not been much status in working with poor people" (Ragland, p. 12). A recent study entitled "Evaluation of Economic and Social Consequences of Extension Programs", yielded striking realizations in support of the notion stressed above (USDA, 1980). Furthermore, advisory boards of the extension at the local level are generally dominated by middle class farmers. Therefore, in many places this middle class clientale continue to command all the benefits.

Similar examples and opinions were also expressed by Marshall and Thompson (p. 66). Apart from the above illustrations, extension programs of today face yet another difficulty in reaching the small farmer. In many states, the extension programs at 1890 institutions possess a unique empathy for the small farmer and special capability for addressing their needs. But they seem to be subtly diverted from rendering services by the dominent and more well endowed 1862 Extension Program because of fear of reprisal by the traditional clientale. Separate and unequal, the 1890 and 1862 extension programs cooperate under strained relationship and the latter manages to control program thrusts toward the small farmer and disadvantaged

Clientale. Furthermore, most extension programs at 1890 institutions receive only federal monies and do not receive matching funds from state or local governments as extension programs at 1862 institutions.

2. Production Inefficiencies:

Larger farms are generally perceived to have lower production costs and are more efficient in producing food and fiber, i.e., they have economies of size. Some recent studies, however, have suggested "that that role of economies of size in the expansion of farms may have been exaggerated" (USDA, p. 108). The advantages for large farms may be less than past studies suggest. Marshal and Thompson (p. 48) have distinguished three sets of economies of size. Those are: 1) technical economies of size; 2) external economies related to the buying of inputs and the selling of outputs, and 3) external factors from government agricultural and tax policies and the way policies are implemented. They conclude that "technical economies do not appear to preclude the viability of small scale agriculture, at least in some cooperative and livestock areas". The preliminary results of a study in West Tennessee by research scientists at my university show that large farmers are not more efficient in allocating their resources as compared to small farmers. This research tends to confirm that the majority of small farmers did not receive much help or information from extention services (Singh and Bagi).

3. Appropriate Technology and Its Adoption:

In 1939, labor constituted 54 percent of total inputs into U.S. agriculture, this proportion of labor in total inputs dropped to a mere 15 percent in 1975 (USDA 1976). This structural shift is largely attributed to changing technology, but unfortunately many small farms were unable to adopt this technology for their uses. For the most part modern agricultural technology has focused on reducing labor requirements--the one factor that is adequate if not surplus on many small farms. Thus as Hightower in Hard Tomatoes, Hard Time points out "benefits from mechanization accrue disproportionately to the rich and power, including the stock holders

of agri-business corporations and large corporate farms, and that massive social costs are paid by displaced workers, small scale family farms and society as a whole".

Many small farmers must over invest in equipment, as smaller farm machines are not available in the market. This increases their fixed cost of production. Buying used equipment is an alternative butthat also means higher costs in terms of repairs and maintenance. Hiring custom work is another alternative, where farmers can make use of modern technology without making large investments. In hiring custom work, one also hires labor, which a small farmer might prefer to provide himself. Planting and harvesting have to be done in a very limited time period, and small farmers may not be able to acquire custom services at the appropriate time. The following factors have contributed to the slow adoption of technology by small farms: 1) lack of capital; 2) lower educational levels and skills; 3) risk bearing ability; 4) available labor and 5) attitude toward change.

4. Marketing:

Marketing is perhaps the most important considerations for any farm commodity or product. It is said to be the single most crucial element in a farmer's business, especially for those who deal in perishable commodities and who must contend with biological uncertainties. Lack of a market where small farmers can sell their produce is a growing concern.

The small farmer has been in the past and is yet confronted with major adjustments in the marketing arena. These adjustments are felt to stem from and be initiated in response to technological innovations, institutional changes, economic adjustments, and changes in consumer preferences. The market structure for most farm products have changed in response to the development of highly efficient communications and pricing systems. These technological developments during the recent past brought about a dramatization of regional comparative advantage and resulted in the concentration of production into supply areas that could mass large quantities for volume shipment to large regional warehouses for distribution to

retail chains. Market power has been concentrated among a few buyers. For example, over 70% of all food is sold through 15% of the retail stores (TVA, p.11).

The smaller and more isolated producers have limited access to mass merchandising food distribution systems. Small farmers, due to their relatively low volume of sales, are severely restricted as to marketing alternatives. If they produce traditional products within the local area, they are limited in alternatives and bargaining strength due to low volume. The small producers, if they produce non-traditional products, alone cannot attract a market because of low volume. Therefore, he must develop his own market. Development of mechanical harvesting equipment and other production technological developments have placed producers at a comparative disadvantage in production, marketing and processing. The market structure developed in response to technological developments tends to restrict market access for the small and isolated producers.

5. Energy and Input Prices:

There is very little information available on the relation between farm size and energy intensiveness. Correspondingly, we know little about the relations between size and energy related production costs or about how the effects of energy price increase would differ between small and large farms. But in the short run, it looks as if increases in energy costs would affect small farmers more by increasing input costs. The ability of large operators to lower input costs through large quantity purchases and discounts may result in lower costs of production, which reflect imperfections in the input markets.

6. Tax Structure:

Tax rules favoring farming in general and backed by farmers as a whole have brought differential impacts to small and large farmers. While the small farmer may benefit from such tax advantages, the larger operations are able to take much more advantage of these. Many provisions originally were established to simplify record keeping for small family farmers and to provide tax relief to farms subject

to widely fluctuating incomes. Currently the tax policies favor or subsidize the wealthy. The primary beneficiary being the individual who has large income, whether from the farm sector or the non-farm sector. Tax subsidies induce non-farm investment and a seperation of the ownership and operation of farms. Operators with higher non-farm incomes benefit more whether there is loss or profit. Tax benefits to those with larger income especially large non-farm incomes, have contributed to the rising demand for agricultural land and helped push up land prices. Thus tax provisions which benefitted the smaller farmer in the short run became obstacles to their survival in the long run.

7. Land Availability:

Recent high land prices raises serious questions of the feasibility of land ownership by what we generally consider to be "family farms". Prices of farm land have increase more the 200 percent since 1970, and no one seems to want to predict the future (Farmline). Most experts agree however, that even at current prices, land earnings in the first few years, after purchase, may not be sufficient to pay principal and interest under typical loan terms. Therefore, one of the most pressing difficulties faced by the "young" beginning farmer is acquiring control over a suitable land base.

Small farmers can increase their operation by renting agricultural land. However, some small farmers may experience difficulties in obtaining and keeping rental agreements with land owners who turn over much of the prime land to larger operators. Black farmers face similar problems but they are compounded by racial discrimination (Marshall and Thompson, p. 54). Black farmers not only face difficulties in acquiring new land, either for purchase or rent, but also face problems in holding on to their land. Partition sales, tax foreclosures, and other devices have caused the loss of much black held land (Marshall and Thompson, p. 54).

8. Government Policies and Regulations:

Small farmers are affected adversely by policies and the way these policies are implemented by the various agencies and institutions. More often these programs

benefit the larger commercial farms. For example, price and income policies have affected farms and farmers in proportion to their size and volume of production.

Various government regulations also place small farm operators at a disadvantage. For example, rigid inspection regulations regarding processing of milk and slaughtering of animals often require expensive equipment and facilities that are wholly unrealistic for the small farm operator.

9. Off-Farm Employment:

Farm operators, particularly small operators, and members of their households are increasingly combining farm work with full or part-time off-farm employment. In 1974, 30 percent of all farm operators reported 200 or more days off-farm work. An additional 10 percent worked at least 50 or more days off farm. Data for 1977 suggest that this trend in multiple job holding is continuing (USDA, p. 270).

Off-farm employment is more common in the South than other regions of the U.S. Also, off-farm income is reported by all sizes of farming operations, however, families operating small farms depend more on off-farm income than families on larger farms. Thus, availability of off-farm jobs affects the well being of small farm families more than large farm families.

POLICY SCENARIOS

Economics has been defined as the science of allocating scarce resources among competing ends. Ultimate ends to be achieved may be defined as utility, well being or quality of life. In order to receive the maximum amount of goods and services, efficiency has received much of the attention by economists and its study has been viewed as objective, precise, and respectable (Harper and Tweeten). Agricultural Economic research in the U.S. has traditionally focused on farm production and marketing efficiency and has produced excellent results.

Recently, however, there are questions raised about just and fair returns for everyone along with efficiency. Breimyer points out that sufficient attention has not been paid to the broader questions of social stability, employment and rural community development (1973). Though there has been an increasing amount of research

and discussion directed toward the problem of equity, there has not been enough. However, more and more people are concerned with issues that go beyond "efficiency". Americans will certainly maintain their interest in producing farm products more efficiently. But they are also becoming more interested in making sure that changes are made fairly, justly, and impartially (West 1973, p. 9). The future U.S. Agricultural policies therefore, should reflect these goals.

The fundamental issue of the 1980's will be whether agriculture will preserve its identity (Breimyer, 1979). The kind of agriculture to prevail makes a difference not only to farmers but to rural communities and all of us as consumers. I need not remind you, that it will make a difference for you as professional agricultural economists.

Public policies may have different effects on the economic circumstance of farms of different sizes. However, as Emerson points out, public policies ought to be neutral with respect to size of operation (p. 951). Obviously, present policies are not neutral as program benefits are heavily skewed in favor of large farm operations and they seem to discourage small farm businesses.

These facts, and problems identified in the previous sections of the paper suggest the need to address a wide variety of public policy issues. It is important however, that we look at the present policies and change them to where it works to the advantage of the majority of rural and urban population, not the minority of business establishments.

Small family farms have ceased to be regarded as the essence of American agriculture. Also, the notion of what consitutes a small farm has changed a great deal over the past century and the farm within the reach of modest means has become less competitive (Brewester, p. 46-47). There is an urgency in analyzing the small farm issue in the context of agriculture as a whole. We need to have only one uniform agricultural policy for large and small farms. It should recognize that America's 1.8 million small farmers are, in fact, farmers and they should be as much of

concern to the USDA as larger commercial farms.

The underlying goal of the policy should be to eliminate injustices and inequities within the nation's economy, while increasing the economic integrity and self reliance of rural communities. Profit maximization and "cold blooded" economic efficiency may not be the only criteria for developing and evaluating program successes. While the number of policy options are virtually unlimited, the following policy scenarios are suggested for easing constraints that small farmers face.

Technological Constraints

Labor is the most significant part of the resource base for a large number of small farmers. Their technical problem is how to get the best possible return for their labor and management at an acceptable level of risk. There are two main solutions to this problem. One, that they share resources especially to attain the technical balance, and two, to develop technology suitable for small farms, i.e., having low capital to labor ratio.

The first solution which involves buying and selling custom work is being used by some farmers in some areas but is not a common practice. The possibility of buying and selling custom work should be explained and information be made available in the area of this kind of facility. Feasibility of developing small co-ops should be studied further.

Appropriate technology and equipment should be developed to meet small farm's labor and capital situation. This is particularly true of mechanical technology, where development of versatile equipment appropriate to small acreage and of practical arrangements for spreading equipment use between farmers could have major economic benefits. There should be emphasis on production of simple farm machinery, easy to maintain and free of unnecessary gadgets that increase costs. More incentives, in terms of investment credits may be provided to manufactories who develop technology suitable for small farms. Investment credits would also encourage small

farmers to acquire these special machines.

In view of the current energy situation serious efforts should be made by the USDA and other agencies to start financing the research and development of energy efficient technology. Small solar collectors which a farmer may build himself, are examples of such technology.

Other areas in which small farmers require help include: 1) assessment of alternative systems of livestock production, handling and marketing; 2) alternative systems of crop production, harvesting, handling and storage, including opportunities of group efforts; 3) use of pesticides, and fertilizers, 4) integrated pest management. Future policies may encourage universities to direct their attention to less resource incentive technologies, which may restore the relationship between people and land. Tax incentives similar to current investment credit might be appropriate to stimulate small farmers to invest in better brood stock, plant varieties, and record keeping, etc.

Marketing Constraints:

Small farmers have special needs of the marketing system. They need to develop strong organizations to capture the external economies such as quantity discounts, marketing strength, etc., and to enable them to apply pressure to counteract institutional bias. Policies and programs may be developed to: 1) improve the existing system of marketing; 2) research and development for alternative marketing systems for small farmers; and 3) research and development of cooperatives for small farmers.

Specifically, "we need better documentation of cost-production as well as selling to determine real market costs of the alternative types of direct farm to consumer marketing. Small farmers need technical assistance to help them become retailers as well as producers" (TVA, p. 162). Special efforts should be made to provide timely information to farmers, for example, a broker's referral service which will provide information regarding brokers willing to handle

small accounts.

Measures should be taken to stabilize agricultural prices. Fluctuating prices affect small farmers more. International transactions should be handled in a way that not only grain companies benefit but also the farmers. Encouragement should be provided for the establishment and success of cooperatives to serve marketing needs of small farmers. Loan guarantees for new co-ops and technical assistance could be especially useful.

Financial and Economic Constraints:

Small farmers face severe capital and land limitations, which often arise from the general lack of credit. Only a few lending agencies currently have the ability and the mandate to serve low-equity or beginning farmers. Farmers Home Administration, as a public institution, set up to work directly with the small family farm, should take the lead in changing the credit picture for small farmers. There is a feeling that institutions such as Federal Land Bank, PCA, and others have become more conservative and are not willing to help small units get started. Some problems may represent serious oversight on the part of the congress and therefore, they should act to correct these. Furthermore, Farmers Home Administration, may recognize cooperatives and its members as eligible borrowers. The loan limits on farm ownership and operating loans should be raised but not to the point that it excludes small farms altogether.

Farmers do not have easy access to information such as 1) credit availability what agenices, private institutions, and program are involved in extending credit to farmers; 2) how to apply for credit and obtain credit tailored for farmers; and 3) how to use credit wisely and efficiently. There is a need to develop communications between lending institutions and small farmers. Credit institutions may receive tax relief by increasing loan activity to farmers with gross sales below a specific limit. Agricultural Credit Act of 1978, should be encouraged and staffed to accommodate the needs of small farmers. Also establishment of Rural Development

Banks may be considered to provide credit to small farmers and promote rural development.

The main tax policy affecting the price of land is the tax preference on income derived from capital gains. Legislation should be enacted to end the capital gains, tax loss farming, depletion allowance, depreciation and other loopholes which encourage land speculation. Land thrusts may be encouraged to take the profits out of land speculation.

Information and Education Constraints:

Special programs should be developed for making modern agricultural techniques available to small farmers. Programs should be tailored to develop managerial and technical knowledge of small farmers. Such programs for small farmers have been generally successful in the South (Orden, Buccola, Edwards). One program to assist small farmers with emphasis on raising managerial and financial capability is being implemented by Tennessee State University in West Tennessee. Initial success in this program indicates that small farmers are responsive to such programs where para-professionals are used from the community to implement one-on-one type of educational approach (Singh 1979). Such programs can be used to assist limited resource farmers to make the most of their available resources and commnucate research result to them.

Efforts should be made to end the continued existence of discriminatory bias in public agencies, especially the Cooperative Extension Service. The small farmer, both White and Black, have not received an appropriate share of public services. Extension, should play an active role in providing comparable services to small and large farmers alike and in establishing an institutional environment in which the small farmer can exist. For this, the reward system within the agency may have to be changed. Also, extension should publish more literature dealing with small farmer's problems and at a level which they can understand. Extension should also play a very active role in identifying research problems of small farmers.

Lack of Research for Small Farms:

Special policies should be directed toward research and training for small farmers by the land-grant system and concerned agencies. Basically, research should be for everyone, although the larger goals for activities should be the poor and needy. In the past, our research programs have emphasized efficiency. This concern must be continued but in light of modern day concern over poverty, environment, and the general quality of life it must be moderated and equity be given an equal place.

In the area of small farms, two types of research is needed. First, the formulation of public policy is highly dependent on the quantity and quality of knowledge (date) available. If there is one issue regarding small farmers, on which most people agree it is - that there is a lack of reliable information and knowledge about small farms and families. Research is needed in developing a meaningful typology of small farms, indicating distinctly different kind of small farms in terms of their resource endowment, aspirations, sources of income, etc. (Madden and Tishbein). The second type of research, after identification is to recognize problems and their solutions (Tweeten et la., Thompson, and West (1979).

In general, three major research goals can be identified: 1) socio-economic information about the farmers and rural communities; 2) types of farming; and 3) extension methodology. Research results on problem identification and the aspirations of the small farmers must be fully recognized and integrated into the formulation of research priorities at the national level.

General Policy Considerations:

Small farmers are a heterogeneous group (Carlin, Tweeten and Popoola, Lewis). Through public policies more options should be provided for rural people from the human resource development perspective. Thus, options should be provided to both those who wish to remain in farming as well as those who wish to leave farming completely or become part-time farmers. The goals for public policy is to raise income and reduce poverty. Farm income can play an important role in achieving

this goal. In many areas, especially in the rural South, the need is for an increased number of income generating opportunities. In some areas at least, maintaining job opportunities in farming (full or part-time) might be a more desirable strategy than remedial programs to deal with future displacement.

Policy makers must know the answers to questions such as: 1) what kinds of non-farm skills are most suitable for small scale and/or part-time farming; 2) how can these skills be developed 3) how can off-farm work in the private and public sector be coordinated with small-scale farming; 4) what type of manpower training programs can be successful in rural areas?

Appropriate manpower training programs should be developed for rural areas. Industries, both in private and public sectors, should be encourage to locate in rural areas where unemployment is high. Such industries should be required to employ local people first.

CONCLUSION

Small family farms have been disappearing at an alarming rate. In these troubled time, support for small farmers, until recently, has not been forthcoming from any direction. Communities have been investing in highways and shopping centers, destroying prime farm land and burdening existing farms with high taxes. Government policies and regulations placed the small operator at a disadvantage with larger operations. Also existing agricultural agencies including extension have not responded to the need of small farmers. As the number of small farms declined and migration out of rural areas increased, the economic base of rural communities eroded.

Despite the large-scale displacement of small farmers in the United States, since World War II, many remain and their welfare is an important concern not only for rural communities but for the nation as a whole. Increasing agricultural income on small farms is a reasonable policy goal, and is in the best interest of the nation. Rationale for assisting small farmers is partly based on equity or humanitarian grounds and partly on efficiency or economic grounds. The programs

and subsidies to assist small farmers may be less expensive than simple welfare payments. Although not all small farmers desire to expand and have differing goals, most would welcome an increase in income.

Special programs and policies will have to be tailored to help small farmers. Traditional approaches of delivery and incentives will have to be altered to deal with the unique sociological, psychological, technological, and economic needs of small farmers. "Symbolic pacification programs" will not solve the complex problems of small farms. The policy and programs should be developed to solve the problem of small farms simultaneously with larger problems of rural poverty and unemployment. The goal of such policy should be to promote sustainability, diversity and equity in a system of small farms and consumers, while increasing the economic integrity and self reliance of our rural communities.

Small farm problems are not going to go away as they are part of major problems of agriculture and rural development and should be dealt with as such. These problems are going to increase and in the absence of solid relevant research, it will be increasingly difficult to make good policy judgements. Therefore, as agricultural economists, you should address this most important problem of present day food system, and help remove the blight from our otherwise very successful agricultural system.

Finally, there are two important principles which must inform the work of any who would do substantive work on the small farmer's plight. The first principle is that you must respect small farmers as an entity. That respect will ensure that a first rate effort will be exercised on their behalf. The second principle is that the work of small farmers must be viewed as important and that they (the farmers) are professional in their approach to their work. This principle ensures that those who would work on the problems of the small farmers would listen more carefully to what they have to say in their interest. The small farmers problem is not just a problem of social rectification; it is a problem of strengthening a nation. It deserves first rate attention. Let us get on with the business of solving it.

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