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DISCUSSION: SMALL FARM RESEARCH AND POLICY IMPLICATIONS

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Ghebremedhin and Johnson have been asked to deal with one of the most ambiguous and confusing subjects in agricultural policy. The authors are to be commended for presenting a thorough and well organized paper. They correctly attempt to delineate the subject matter by defining what they perceive to be a small farm before tackling the question of research.

The real problem confronting research on small farms has been the absence of an objective policy concerning the role and place of small farms in overall agricultural policy. This lack of a policy statement for small farms has generated many problems for researchers. Foremost among these has been the uncertainty of what is meant by the term "small farms."

Over the years, agricultural policymakers, commercial agriculture, and the public in general have written off small farms, however defined, as a social problem, or at least lying outside the mainstream of economics. These groups have contended that small low-income farm households should be dealt with through income transfer payments, since their problem is inadequacy of income, rather than as part of the overall agricultural policy (Crecink, 1979). This conclusion stems from beliefs that these farms have limited resources (both from a quality and quantity standpoint) and produce only a minimal amount of agricultural products; that the majority of the operators are aged (55 years or more) and are poorly educated (only slightly above the functional illiteracy level of 4 years); and that the operators, particularly in the South, are female or black or both. Available data only partially supports these beliefs.

The small low-income family farm group, however defined, is not homogeneous but is composed of farms with both small and large acreages, low and high sales, and attributes spanning the whole spectrum of demographic characteristics. However, to disregard this group of farm households as a social problem to be dealt with outside agricultural policy ignores a large segment of the political base for agriculture. At the same time, such an approach ignores a group of farm owners because most of the operators in this category own their own farms and control a sizable percent of the land resource.¹

The small farm has customarily been viewed from two perspectives—as a producing agricultural unit and as a part-time farm unit. In the first instance, the question of size, product mix, finance, and intent of the operator immediately arise as important considerations. These were generally used by Ghebremedhin and Johnson in their definition presented but many questions were left unanswered. For example, how can the first group of operators best be served? What enterprises (crops, livestock, or a combination of the two) are best suited to small farm businesses? What level of mechanization can be attained? What levels of intensity and efficiency should be realized? What marketing methods are most appropriate? And, what are the expectations and/or probabilities of these operators producing incomes above the poverty level since the economic problem is an inefficient combination of resources—land, labor, capital, and management? Since previous agricultural programs for the most part have not been devised to specifically address these problems, a definite small farm policy has not been articulated.

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¹Depending upon the definition used for *small low-income family farms*, this group controls between 30 and 70 percent of farm land resources. (Crecink, 1984b; Munoz, 1983).

The second group of operators are confronted with a similar set of problems in addition to the time constraints of integrating farm and off-farm employment. Small farm policy must distinguish between these two groups.

The paper, under review, criticizes the USDA definition of small farms but uses the elements of the USDA definition to construct a definition which is only marginally different. For example, the element dealing with farm labor, the household income element, and the non-metro median income are, for the most part, identical. The authors added a fourth element dealing with attitude and motivation. Having worked with the USDA small-farm definition in research for the last 7 or 8 years I can say, without reservation, that the farm labor and household income elements are exceedingly hard to quantify. If the labor element is set at "almost all" as Ghebremedhin and Johnson suggest, what does "almost all" mean? I have used 5, 10, 20, and 30 percent of total expenditures represented by hired labor and, even at these low percentages, the number of small farms can be drastically reduced. If the farm has to provide 10, 25, or 33 percent of the family cash money income, another drastic reduction in the number of small farms is achieved. Trying to make the definition operational poses many problems and, if it is made too restrictive, you are left with only a small percentage of the commercial farmers. At this point, why not quit talking about "small farms" and call what is not included non-farm rural residents or some other more acceptable name. The authors of the paper attempt to circumvent this issue by interjecting a subjective definition when they state *"it depends on the individual researcher's perception about the agricultural sector and understanding of the characteristics of the rural community."*

Ghebremedhim and Johnson make a plea for the survival of small farms without ever suggesting why. Griswold, in the late 1940's, exploded the myth that farmers were more patriotic, democratic, and trustworthy than other groups in our society. Thus, appeal to these qualities for small farm operators is without merit. But, the mystique of the small farm continues. We want to save the small farm but we do not really know why except that they are "good." As a group, this usually means committing resources to less efficient uses and, consequently, subjecting the own-

ers of these resources to lower returns—in other words, low farm incomes.

From an economic standpoint (that is if we accept Marshallian economics) a firm only exists because it serves an economic function. When it ceases to serve that function, either because the firm has lost sight of its objectives or the economic circumstance that gave rise to its need has ceased, then the firm disappears either through reorganization to serve other economic needs or is discarded. This, although always painful, is just as true in agriculture as it is in other segments of society. Therefore, the survival of small farms must satisfy the criterion just as any other firm must. If it does not, then arguments for the survival of the small farm must be made on non-economic or at least extra-economic grounds.

I disagree with the authors over the implication drawn from their opening remarks that small farms are in jeopardy of being greatly reduced in number. Available data does not support that hypothesis. It is true that farm numbers have declined over the years but the number of large farms has increased slowly over time and the number of small farms has remained rather static or increased slightly. The loss in number has occurred in the medium-sized farms. To illustrate, in Mississippi from 1978 to 1982 there was a 10.6 percent increase in farms with less than 50 acres; some 76 percent of the farms in the State in 1982 had sales of less than \$20,000 and 82 percent had sales less than \$40,000 (Crecink, 1984a; and Munoz, 1983). So the survival of the small farm is really not the question. Rather, it is the form in which it survives.

The decline in the number of medium-sized farms is the result of many factors but probably the most important of these has been lumpiness of investment in machinery and equipment which medium and small sized farms are not able to efficiently utilize because of physically limited resources. Also, they frequently do not produce sufficient volume of farm produce to take advantage of marketing strategies and they are in high risk positions because of limited assets on which to use leverage.

Many of the questions raised in the paper under review and by this discussion have been under study by two research projects conducted cooperatively by the Economic Development Division, Economic Research Service, U.S. Department of Agriculture at

Mississippi State University (MSU), and the University of Wisconsin-Madison. The MSU study (field work conducted in 1981) covered a 29-county area in Northern Mississippi and Southwestern Tennessee and was designed to primarily investigate small farms. To date, six reports have been published by the Agricultural Economics Department at MSU from these data and four additional reports are in various stages of completion. These reports cover such topics as Small Family Farms in Mississippi-Tennessee (Munoz, 1983); Farm Women: Contribution to Farm and Family (Salant, 1983); Farm Households and the Off-Farm Sector (Salant, 1984); Young Farm Operators (Crecink, 1984a); Older Farm Operators (Crecink, 1984b); and Black Farmers (Munoz, 1984). The Wisconsin study (field work conducted in 1983) will parallel the Mississippi study and allow for comparisons

between the two areas.

These two studies have been, and continue to be, major undertakings but unfortunately when these studies are completed, the Economic Development Division will no longer provide personnel or financial assistance for small farm research. This is in spite of the fact that these two studies address, to some degree, all eight of the small farm research needs outlined by Ghebremedhin and Johnson. In addition, at MSU Bateman's work with fruits and vegetables, Kizer's research on sod, and Phillip's work with ornamentals and firm financial management are applicable to small farms. I am sure that while they are not listed in the Current Research Information System (CRIS) as "small farm" research, other experiment stations throughout the South have similar projects. Thus, the research area has not been totally abandoned.

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