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FAMILY FARM SURVIVAL STRATEGIES: THE SMALL FARM VIABILITY PROJECT

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and
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We are a country built on hard work, pioneering spirit, determination and ingenuity. Since our beginnings, America has been the model for success of democracy and capitalism. In a certain sense, "the business of America is business."

But if the business of America is in fact business, we are in trouble. Banks and farms are failing at the fastest rate since the Great Depression and American industry seems unable to hold its own in international competition.

One analysis suggests that these changes merely represent "market fallout," unproductive businesses yielding to better managed competition. Another suggests that we are going through a fundamental change—that the engines of production are being retooled from manufacturing to information and service. Others see the disproportionate accumulation and control of capital by a shrinking number of global players as evidence of the death of economic democracy. Still others talk of resources being drained from the economy by the military-industrial complex.

Whatever the reason, the reality is that the United States economy, including the agricultural economy, is changing rapidly and radically. In the midst of this change, the American Catholic Bishops have stated firmly and clearly that the economy is integrally linked to society.¹ Thus, decisions

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1. The Bishops write:

The economy is a human reality: men and women working together to develop and care for the whole of God's creation. All this work must serve the material and spiritual well-being of people. It influences what people hope for themselves and their loved ones. It affects the way they act together in society. It influences

affecting the economy must be made within a moral framework.

The Small Farm Viability Project (the "Project") is a response to major economic and social change involving agriculture in the San Joaquin Valley of California. The Project seeks to link the principles of justice and morality to traditional business practices. It also attempts to integrate the demands of productivity and market factors with democratic controls and wide ranging collaboration.

This paper will briefly outline the environment in which the Project is being developed, the analysis leading to its establishment, the strategies being utilized, its potential impact on American agriculture, and the Project's underlying moral and ethical principles.

I. CHANGES IN AGRICULTURE

The San Joaquin Valley of California is one of the most productive agricultural areas in the world.² Fertile soil is watered by run-off from the Sierra Mountain range. Water tables more than amply support extensive agricultural production. Climate provides long growing seasons and makes year-round production possible. A large base of labor is available to sustain such extensive agricultural production.

In the first half of this century, farming in the San Joaquin Valley was dominated by family-run operations. As a result, a network of vital communities sprang up to support both the farms and the families living in the area.³ Farm operations created many additional non-farm employment opportunities.⁴ Land values were stable and families were stable. Lifestyles were built around small communities.

During the 1950s, however, a number of factors began to affect American agriculture with specific and, in some cases, drastic consequences in the San Joaquin Valley.

their very faith in God.

NATIONAL CONFERENCE OF CATHOLIC BISHOPS, ECONOMIC JUSTICE FOR ALL: CATHOLIC SOCIAL TEACHING AND THE U.S. ECONOMY (Final Text 1986) para. 1 (footnote omitted), *reprinted in* 16 ORIGINS 412 (1986).

2. W. GOLDSCHMIDT, AS YOU SOW: THREE STUDIES IN THE SOCIAL CONSEQUENCES OF AGRIBUSINESS 13-14 (1978).

3. See I. VOGELER, THE MYTH OF THE FAMILY FARM: AGRIBUSINESS DOMINANCE OF U.S. AGRICULTURE 251-64 (1981).

4. See *id.* and W. GOLDSCHMIDT, *supra* note 2.

II. CHANGES IN AMERICAN AGRICULTURE

In the 1950s, American farmers began to experience a "cost-price squeeze." Inflation caused expenses to rise at the same time as prices for crops remained stable. For the first fifty years of this century, even through the Depression, farmers received between forty and fifty cents on each dollar sold.⁶ In the early 1950s, however, expenses began to rise, and continued to rise, so that today expenses constitute about \$.78 of each dollar earned.⁶ Thus, as farmers' earnings were shrinking, their cost of living was expanding.

Harry Truman saw a tremendous opportunity for American agriculture to dominate the world market. The massive destruction caused by World War II created, in his view, a window of opportunity. The U.S., through the Commodity Credit Corporation, subsidized the cost of agricultural production.⁷ With the subsidy serving as a floor price, American farmers were encouraged to produce as much as they possibly could.

Money became cheap and banks encouraged farms to grow and extend their use of, and dependence on, technology. As bigger farm implements were created, economies of scale required expansion of farming operations. With plenty of credit available, land costs began to increase as farmers needed to buy out their neighbors. Markets grew through intensive government involvement as food became a tool of foreign policy and a resource for domestic welfare programs.⁸ Land grant colleges turned their research to support the larger scale farming operations.⁹

Surplus chemical weapons from World War II were converted to fertilizers and pesticides, opening a new market and becoming the seed for dependence on chemicals in agriculture production. Later, this demand was driven by cheap and copious supplies of oil and natural gas which are the basic elements of agricultural chemicals.

5. G. LUCIER, A. CHESLEY & M. AHEARN, *FARM INCOME DATA: A HISTORICAL PERSPECTIVE* 14 (Economic Research Service, U.S. Department of Agriculture Statistical Bulletin No. 740, 1986).

6. ECONOMIC RESEARCH SERVICE, U.S. DEPARTMENT OF AGRICULTURE, *ECONOMIC INDICATORS OF THE FARM SECTOR, NATIONAL FINANCIAL SUMMARY* 40 (1985).

7. 15 U.S.C. 714 (1982 & Supp. 1985).

8. See TRUDY HUSKEMP PETERSON, *AGRICULTURAL EXPORTS, FARM INCOME, AND THE EISENHOWER ADMINISTRATION* 3-4 (1979).

9. See MARION CLAWSON, *POLICY DIRECTIONS FOR U.S. AGRICULTURE* 115 (1968).

Productivity rose dramatically but not without certain costs. As a result of the increased use of fertilizers and pesticides, drinking water resources have been contaminated.¹⁰ A number of communities today must rely on bottled water. The famed Kesterson reservoir has been highlighted in the media because of the toxic effect of its water on migratory birds.¹¹ In fact, the danger to birds is dwarfed by the threat to human life.

In addition, tax laws and inflation created an incentive for non-farmers to enter agriculture. As inflation increased, it became advantageous to invest in farmland. If the land could be kept non-productive for a period of time (for example, for the time it took to grow almond trees), one could show a loss for income tax purposes. An investor in farmland could also take advantage of depreciation benefits. And as time passed, the land prices would appreciate.

Attracted by these benefits, urban professionals and large corporations entered farming, further fueling the rise in land values. For these "new farmers," the primary benefit of farming was to shelter income. It became difficult for serious farmers to compete with business persons who were not interested in profit but instead needed to operate at a loss in order to protect their assets.

III. CHANGES IN AGRICULTURE IN THE SAN JOAQUIN VALLEY

The particular effects of these changes were reflected in the California Valley. Small family farms began to fade away. Farms were bought up by neighbors and later by land speculators, mostly urban professionals and large corporations from the petroleum and insurance industries.¹² Small towns

10. According to the California State Water Resources Control Board, DBCP (1, 2-dibromo-3-chloropropane) is the most widespread agriculturally applied pesticide contaminant of ground water both in California and in the United States. In 1977 the California Department of Food and Agriculture suspended the use of DBCP when male workers exposed to the chemical at a plant in Lathrop California were discovered to be sterile. Seven years after DBCP was banned, concentrations of the chemical in some well waters were higher than when first discovered. The number of wells in California known to be contaminated with DBCP has increased from 40 in 1979 to 2522 in 1984. CALIFORNIA STATE WATER RESOURCES CONTROL BOARD, WATER QUALITY AND PESTICIDES 54 (1984). In San Joaquin County, almost 20 percent of the wells sampled in 1984 were contaminated with DBCP. *Id.* at 57.

11. N.Y. Times, Feb. 11, 1985, §1, at 17, col. 3.

12. Telephone interview with Mr. Dave Tanaka, Labor Market Analyst, Employment Data and Research Division, Employment Development

began to deteriorate. Those small businesses that depended on the farm family and farm workers began to fail.

Marketing outlets evaporated. In Stockton, where several city blocks were once filled with produce buyers and shippers, only one, large marketing outlet now exists. It caters to high volume producers.

Farmworkers, always abundantly available through immigration law proviso, lost jobs. In San Joaquin County there are currently about 14,000 farmworkers, down from over 20,000 in 1975.¹³ Unemployment has been constant during the 1980s at over 13 percent.¹⁴ In Stockton, 10 major canneries have closed resulting in 10,000 lost jobs. Naturally, as jobs are lost, other changes occur: marriages are threatened; children drop out of school; and drug and alcohol abuse and crime increase, not only among farmers but also among those many others whose livelihoods are dependent upon farming.

IV. CONCEPTION OF THE PROJECT

Faced with the very real threat of continuing economic and social deterioration, a group of about thirty small-scale, family farmers (mostly Italian and Philipino vegetable growers) came together in 1980 to discuss mutual needs. With the technical assistance and financial support of the American Friends Service Committee, they established five local direct sales farmers' markets. They also created a marketing cooperative. During the first several years, two lessons became evident. First, it appeared economically feasible to operate a marketing cooperative. Second, learning to work cooperatively would be the biggest measure of success. For a period of time, the cooperative actually closed down because of internal disagreements.

At about the same time, Catholic Charities in the Stockton Diocese was struggling with the issue of massive unemployment and welfare dependence (near 95 percent) among Southeast Asians, the area's newest residents. In an effort to capitalize on what the refugees knew best, agriculture, the agency hired individuals to provide agricultural training and assistance. The staff members were recruited from the ranks of former Peace Corps volunteers who had extensive

Department, State of California, on May 4, 1987.

13. *Id.* See also EMPLOYMENT DEVELOPMENT DEPARTMENT, STATE OF CALIFORNIA, ANNUAL PLANNING INFORMATION: STOCKTON 1986-87 48 (1986).

14. *Id.* at 43.

experience in cross-cultural issues. They also had degrees from major American agricultural universities.

V. "FINDINGS" FOR FAMILY FARMING

While assisting the Southeast Asians in efforts to begin farming, the Campaign for Human Development entered into discussions with the Stockton Farmers Marketing Cooperative and the American Friends. Together, we undertook an extensive analysis of the various factors facing small-scale farming in San Joaquin.

Our findings suggested that there could indeed be a place for family-operated small and medium-sized farms in our area. As control of agriculture has become more concentrated in large corporations, the theory of "economy of scale" has been used to justify massive farming operations. In essence, it maintains that bigger is better, or at least more efficient. However, the "bigger is better" rationale depends on such artificial constructs as friendly tax laws which encourage massive capital investment and rapid depreciation, extensive chemical usage, mechanization, and dependence on federally subsidized irrigation projects. In fact, the highest efficiency in production is found in the small and moderate scale farm.

But for the small and moderate scale farm to exist, we found that several things must happen.

First of all, production methods must change. Dependence on chemical fertilizers and pesticides will ultimately become too costly because of the ecological consequences and the costs of legal challenge and enforcement of environmental health and safety laws. Those farms using sustainable agricultural techniques will most likely be able to survive such challenges.

New crops, such as Bok Choy (a Chinese vegetable) and other new varieties of "baby" produce, must be developed and market-tested. New markets are opening in specialty crops to feed Americans' new tastes and to serve the large population of new immigrants. Research must take the risk of experiment from the small farmer, and when a successful product is identified, the farmer must be trained to grow the new crops. Such an effort would aid small farms just as research by land grant colleges has benefitted large agribusiness over the past several decades.

Agricultural inputs such as packaging materials, organic nutrients, and various mechanical implements must be purchased in sufficient quantities to permit discount pricing.

Otherwise, small farmers must purchase supplies at or near retail cost.

Market demand must be satisfied and growers must be responsive to buyers' needs. Cooperative marketing responds to this need by providing a single sales contact for buyers and offering more efficient volumes of produce.

Farmers must have greater control of the processing of their crops. When farmers are limited only to growing a product, they lose money. They must be able to control such things as the cooling, packaging and shipping of their product. It is ironic that certain large farming operations lose money on their growing operations, but then make large profits on the packaging, cooling and transportation of the farm products.

Those who are concerned for the future of agriculture must address in constructive ways the relationship of farmers and farm laborers. Small business in America is the largest source of net new employment.¹⁵ As small businesses, small scale farms provide stable, year-round employment for farm laborers. This is in contrast to the large agribusiness concerns which employ contracted labor for short periods of time to accomplish a few, specific tasks. People employed by agribusiness generally have skills limited to such things as pruning grape vines or cutting asparagus. The challenge is to provide broad-based training and experience so a farm laborer may work year-round with the small-scale grower.

Finally, family farmers need to compete against large, monied interests in the setting of policy on both the national and state levels. Vehicles to accomplish this advocacy are critical. In addition, linkages must be established with urban populations. Consumers must understand the implications of their choices and realize that issues of water pollution, chemical dependency, and financial credit have an impact on them as well as on the farmer.

VI. STRATEGIES FOR FAMILY FARMING

Convinced that small and medium sized farms can be commercially competitive, several groups set about to develop strategies. A key to this process was the collaborative involvement of not only the farmers, but also the Church, as represented principally by the American Friends, the Catholic Diocese of Stockton, and the Campaign for Human

15. See e.g., D. BIRCH, *THE JOB GENERATION PROCESS* (1979).

Development. As the work progressed, many other organizations, churches and Catholic religious orders became involved.

Five specific strategies took shape to create the Small Farm Viability Project.

First, the Stockton Farmers Cooperative (the "Cooperative") became the centerpiece of the project. The Cooperative's Board was expanded and new management was found to relate aggressively to both the farmer and the buyer. Using the leveraging and investment capabilities of the Catholic Church, a loan was obtained, allowing the Cooperative to purchase a warehouse with cooling and storage facilities and loading docks. A marketing plan was developed and specific targets were established. Markets were expanded on the West Coast. A program was initiated to bring in more growers. The Cooperative became a vehicle for communication and training. Growers communicated their plans for growing and the quantity of acreage committed to certain crops. This helped to ease market flooding and thus kept prices stable.

Second, as a part of the marketing cooperative, a supplies cooperative was established. This cooperative purchased bulk supplies of boxes, crates and organic nutrients, reducing the cost of these supplies to farmers. Trucking was contracted out or operated by the cooperative itself, thus reducing transportation costs.

Third, a demonstration farm was established. Our primary goal was to prove that it was possible to make a living on a small-scale operation. We also wanted to demonstrate organic growing techniques and conduct irrigation studies. During the farm's second year of operation, twenty-five crops were grown organically and three of these exceeded county yield averages by twenty-five percent. This is dramatic evidence that organic farming is not only possible but profitable.

Various research and experimentation was conducted on the demonstration farm. Three Southeast Asian crops were genetically improved and the strains preserved.

The staff of the demonstration farm, in cooperation with the Stockton Farmers Cooperative, has demonstrated that success for the small farmer involves a multiple approach to marketing. Crops were sold through the Cooperative, at a road-side stand, and in the farmers' markets. This prevented dependence on any one outlet.

Fourth, field days were held to disseminate information. Frequent visits by local growers helped to impart alternative farming techniques.

In conjunction with Mexican-American and refugee groups, fifteen farmworkers received paid training on the demonstration farm in many aspects of farming including irrigation, tractor operation, planting, thinning, soil nutrition and other skills. All fifteen were placed in permanent employment with local farmers.

A series of other experiments is planned to bring farmworkers into agricultural production, either through small farming cooperatives or through profit-sharing partnerships with established growers.

Finally, the project brought together such groups as the American Agricultural Movement, California Agrarian Action Project, California Association of Family Farmers, California Catholic Conference, California Certified Organic Growers, California Institute of Rural Studies, California Rural Legal Assistance, Catholic Charities, Friends Committee on Legislation, Rural Economic Alternatives Project, United Methodist Church Board of Environmental Justice and Survival, and the Center for Ethics and Social Policy of the Graduate Theological Union, to assist the Project.

Discussion of policy issues led to a major workshop in the San Joaquin Valley which brought together business, labor, banking and Church interests to reflect on the future of agriculture. Other projects include planning a grass-roots organization and education campaign on agricultural issues as well as initiating dialogue with agricultural movements in the Midwest and South.

VII. THE FUTURE FOR AGRICULTURE

We believe these strategies could establish a framework through which small-scale agriculture could survive in the United States.

Firstly, our society must come to grips with its environmental future. Water supplies are only beginning to be contaminated. Pesticides applied almost forty years ago are now finally leaching their way into the water tables. Additional contamination can be expected. We must not further mortgage the future of our society.

In time, strict measures may be established to protect the environment. The farmer who foresees this and adopts alternative production methods to reduce dependence on petrochemicals will have an advantage. Naturally, this is not only safer for the environment, but also safer for the farmer and farmworker, the ones most likely to be poisoned by

agricultural chemicals. By the same token, the unpredictability of foreign oil supplies and the eventual depletion of oil will cause the cost of petrochemicals to rise even higher. Food production costs will fail to be competitive if this continues.

Secondly, farmers have always equated themselves with America. They consider themselves to be the backbone of the society. Their independent lifestyle is documented in songs and stories. But they are having a rude awakening. Farmers are finding that their interests and livelihoods are threatened by bank foreclosures, declining markets, and the impact of large, corporate agriculture. The lesson is clear. It will only be through cooperative action that farmers will be able to survive in the marketplace. If farmers, especially family farmers, do not rapidly increase cooperation among themselves and work to build coalitions with others to assist in furthering their agenda, no amount of strategizing will help.

Cooperatives are much more accepted in other cultures where values of independence are not as highly treasured. But democratic control of institutions, which really is the foundation of our society, should be a rallying point for American farmers. Through cooperatives, farmers can gain greater control of major market structures, save money in bulk purchases and reduce other expenditures in production.

It is somewhat ironic to see that the futures of farmers and farmworkers are so integrally bound. Few would think, following the rise of agricultural unions in the sixties, that within 20 years both the farmers and farmworkers would be struggling for survival. To repeat an important economic fact, small businesses, including small farms, are the major employers in the United States.¹⁶ Farmworkers need small farmers for steady employment. Farmers need skilled farm labor to aid in the tremendous work of farming.

Finally, as a matter of social policy, we must remember that we are the actors—and not simply pawns—when it comes to the future of farming. When farmers consolidate their political power to explain lucidly their problems and their relationship to urban America, a real farm policy will be established. If this urban-rural understanding is not established, the agricultural economy and our rural social fabric will deteriorate further.

16. SMALL BUSINESS ADMINISTRATION, *THE STATE OF SMALL BUSINESS: A REPORT OF THE PRESIDENT TRANSMITTED TO THE CONGRESS 1* (1985).

VIII. THE SMALL FARM VIABILITY PROJECT: MORAL AND ETHICAL UNDERPINNINGS

For the Church, an analysis of social conditions is essentially a moral action. Believing that definitive moral principles govern our lives together in community, the Church may justifiably critique social conditions.

As the Project developed, we were fortunate to have the insights and active support of then Bishop Roger Mahony (now Archbishop of Los Angeles). Not only did he actively participate in the development of the Project, but he used the leveraging power of the Church to bring investment and technical assistance into the Project. He also delivered a major paper on the biblical roots of agriculture to the Fifteenth Anniversary meeting of the Campaign for Human Development.¹⁷ We borrowed heavily from writings of various theologians who address land issues and relied on pioneering work done by the National Catholic Rural Life Conference.

In the development of the Small Farm Viability Project, our reflections and analysis were closely linked to the social teaching of the Church. Social teaching is not really anything profoundly new, but rather is applied in new ways as times change. Frequently, new insights into relationships between various principles emerge, but in reality, the basic principles remain unchanged.

The earth is entrusted to the human community by God. As such, it must be shared among all and must be preserved in fruitfulness. This principle must be applied not only to issues of ecology but also to land usage and distribution. We are compelled to condemn the contamination of soil and water by pesticides and other pollutants. We also must question the exploitative use of land which causes massive loss of topsoil and fertility. Few of us realize that soil is alive. If the organisms in soil are destroyed, the soil cannot grow food.

Human life is sacred, and life in all its forms must be respected as a unique creation of God. The implications of this are critical. Agriculture is fundamentally a life issue. When we are without food, we die. There is tremendous hunger in the world mainly because available food is not properly distributed or because proper development efforts are not being made. We should be promoting independence

17. Address by Bishop Roger Mahony, D.D., *Agricultural Implications of the Bishops' Pastoral Letter on the Economy*, Campaign for Human Development Anniversary Celebration, St. John's University, Collegeville, MN., August 12, 1985 (on file with the authors).

in food production. Thus, we should not be dumping subsidized food into developing countries. This action destabilizes developing agricultural economies.

The effect on humans, particularly those who are most poor or vulnerable, is the ultimate measure of the morality or justice of any social, political or economic action. All people have a right to participate in decisions which affect their lives. Public policy must benefit the entire community and not only those interests which can buy votes, or through disproportionate influence, arrange for the passage of laws and regulations which protect their profit or narrow interests.

Catholic social teaching recognizes that we live in a real world with competing interests and differing viewpoints. The Bishops' Pastoral Letter on the Economy¹⁸ stresses in particular that we must make choices based on values. Europeans, for example, have chosen to retain small farms and a rural style of living, based in part on a desire to preserve a rural culture which they value. A "bottom line" morality would see no value in this. American agribusiness prefers to rely on chemicals, large amounts of investment capital, and favorable tax laws to sustain itself. The Bishops ask that we reintroduce human values into our economic and agricultural discussions.

Pope John Paul II has extended the application of Church social teaching to labor. Human labor is a sharing in the creative aspect of God. By the same token, labor is an expression of the human person and should not be arbitrarily cast aside after being used to create profit. All of the social teaching concerning a just wage, a worker's rights to organize, and the right to work and earn an income adequate to care for a family is applicable to the farm situation.

CONCLUSION

The future of agriculture, and to a real extent the future of our society, will largely depend on a participative analysis of conditions which will be judged by moral principles. From this can come strategies which will create a more humane society.

Experiments such as the Small Farm Viability Project are a way of envisioning other possibilities for the production and distribution of food. We are capable of shaping the future of society. We can make choices about that future which will extend beyond the exigencies of market forces. We can

18. See *supra*, note 1.

envison and create a society which is more just and fulfilling to the human person, living in community.

