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THE FAMILY FARM IN TRANSITION

As FARMING has become more closely related to urban occupations and life, the rural tradition of the family farm has been changing and is being challenged. The farm population has declined. Farm production has become specialized and mechanized. Most of the descriptive characteristics of the family farm system have changed. Occasionally it is suggested that the tradition of the family farm is no longer relevant to the realities of American agriculture in the sixties. What does it mean?

The ideal of the family farm had its roots in the colonial past, when land was abundant relative to labor. Early efforts to establish feudal systems of land tenure failed, because unsettled and unclaimed land was generally available to farmers of moderate means who depended on family labor. Thus, during the colonial period, settlers developed strong sympathy for the idea of individually owned and operated farms.

Thomas Jefferson's exposition of what we now call the family farm was nurtured in this soil. In his view, an agriculture of owner-operated farmers was desired as the means to a good society rather than being an end in itself. He held that the basis of enlightened self-government was the independence and self-reliance of the individual. Self-reliance rested on social equality and economic security, which could best be achieved through a system of individually owned and operated family farms. Individual ownership of farms thus provided the foundation for civic virtue and for social and political stability.

This preference for the family farm in turn produced land policies during the next century that further reinforced the ideal, and, because agricultural lands were abundant, the Federal land policies during the 19th century gave it strong support. Although few Federal restrictions were placed on the transfer of lands once title was granted, the coincidence of abundant land and lenient land disposal programs assured wide distribution of ownership of farmland over much of our country.

Even during Jefferson's lifetime, though, the role of agriculture began to change as the percentage of the total work force that was employed in agriculture began to decline—72 percent in 1820, 59 in 1860, 38 in 1900, 27 in 1920, 12 in 1950, and 6 in 1960.

However important the family farm is as a system of agriculture, the smallness of the farm sector means that the family farm cannot be relied upon as the only source of civic virtue and social and political stability.

Even before large-scale disposal of public lands ended, farm tenancy was increasing. As this trend progressed, the concept of the agricultural ladder emerged as an explanation for the existence of tenancy in a system that cherished the goal of owner-operatorship. A farm boy could climb up the agricultural ladder step by step—a worker on his parents' farm, a hired farmworker, renter of a farm, the owner of a mortgaged farm, and finally, owner of a debt-free farm.

Improving the operation of the agricultural ladder was seen as a way to preserve the system of owner-operated family farms. Such programs as publicly supported credit, research, and extension were also expected to assist family farmers.

Later, programs for conservation and for production control and price support that were developed gave further support to the idea of individually owned and operated farms. The right to participate in these programs, however, for the most part is not limited to family farms. Whether or not these programs tend to strengthen a family farm system of agriculture is not evident.

Discussions of how to maintain and strengthen our system of family farms are no longer concentrated primarily on the issues of security of tenure and the rights of tenants and sharecroppers.

Important changes in the tenure structure have taken place, and the inferior status sometimes associated with tenancy has changed.

The proportion of all farmers who are tenants (who operate only rented land) has declined, but the amount of land that is leased has been fairly stable—about one-third. In areas of commercial farming, with their increasing size of farms and higher farm income, the proportion of farmland under lease is high; land is commonly leased both by full tenants (who rent all the land they farm) and by part owners (who own some land and rent additional land). In most of the low-income farm sections, however, the proportion of full owners is relatively high.

For the country as a whole, the shift to fewer and larger farms has been accompanied by a rise in part ownership and increased use of such devices as vertical integration and land purchase contracts to gain control of the resources needed for larger operations. Farm operators seemingly have a basic interest in income levels and a secondary interest in tenure status.

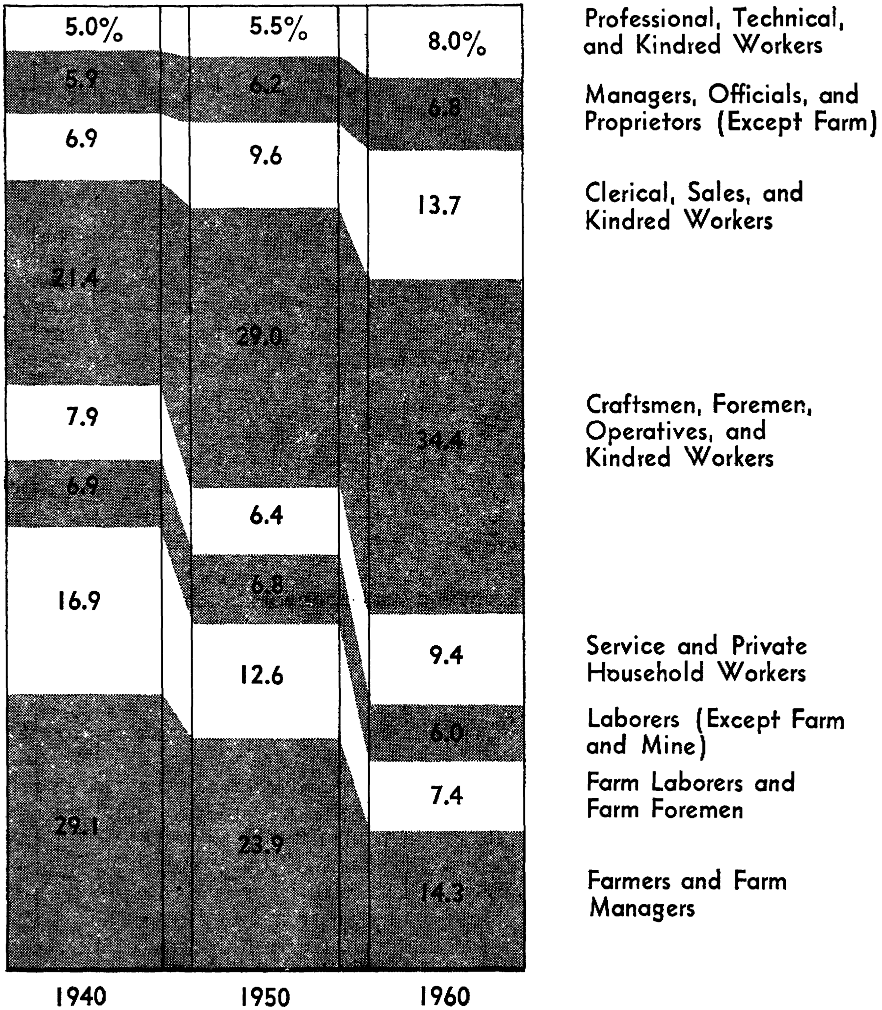
Now the major concern is whether the trend toward the larger and more specialized farming operations is compatible with a family-farm system. As a goal or an ideal of farm organization, the family farm has changed little. But the actual conditions on what is commonly thought of as family farms have undergone continuous change, both in organization and in relation to other sectors of the economy.

Nevertheless, a study by Radoje Nikolitch, of the Economic Research Service of the Department of Agriculture, showed that in numbers of farms, the family farm overwhelmingly prevailed in 1949 and 1954 in all parts of the country and for most of the census types of commercial farms.

In that study, as in this paper, family farms were recognized as businesses in which operating families are risk-taking managers who do most of the work. The labor supply of the usual farm family is equivalent to 1.5 man-years.

Ninety-six percent of all farms and 94 percent of all commercial farms were classed as family farms in 1954. Moreover, these percentages seem to have increased slightly between 1949 and

Blue-Collar Workers Replace Farmers as Largest Rural Occupational Group



1954, even though the average size of all commercial farms increased from 276 to 310 acres.

THE 1959 CENSUS of Agriculture disclosed a situation not greatly different.

In 1959, for the whole country, 5.6 percent of all census farms reported annual expenditures on hired labor in excess of 2,500 dollars a year. A hired wage expenditure of 2,500 dollars is roughly equivalent to 75 man-weeks of hired labor—slightly in excess of 1.5 man-years of hired labor.

The variation among regions, however, was considerable. In the Northeast, 11.1 percent of all census farms spent 2,500 dollars or more for hired labor in 1959; the Corn Belt, 3.2 percent; Lake States, 2.9; Northern Plains, 3.3; Appalachian, 2.5; Southeast, 5.0; Delta States, 4.6; Southern Plains, 8.0; Mountain, 12.7; Pacific, 19.6. The average in 48 States was 5.6 percent.

Census data on farm expenditures for hired labor also were analyzed for commercial farms by type of farm. The percentage of commercial vegetable producers who reported expenditures of 2,500 dollars or more for hired labor was 36.8; fruit and nut growers, 38.0; cotton, 12.0; tobacco, 2.1; cash grain, 4.9; miscellaneous, 28.1; other field crops, 25.4; poultry, 9.4; dairy, 7.9; livestock ranches, 16.6; other livestock, 5.4; general, 6.4. The figure for all commercial farms was 8.5 percent. Moreover, within each of the types of farm, regional variation was great.

ANOTHER WAY of looking at the position of the family farm is to look at the composition of the farm labor force between family workers and hired workers. This measure has the advantage of reflecting the tenure status of all the members of the farm labor force, whereas consideration of the proportion of family farms among all farms obscures the statistical weight of hired workers on the relatively few larger-than-family farms. For commercial farms for the country as a whole, Mr. Nikolitch found man-years of hired labor to have been 25.4 percent of all farm labor in 1954, having decreased from 27.8 percent in 1949. Not surprisingly, he also found that hired labor as a percentage of all labor varied considerably by type of commercial farm.

Regional variation also was great within each of the types of farm. For example, on vegetable farms in 1954, the relative importance of hired labor varied from 20 percent in the Northern Plains and 29 percent in the Delta States to about 80 percent in the Southeast and Pacific regions. On cash-grain farms in 1954, hired labor as a percentage of all farm labor ranged from 10 percent in the Lake States to 56 percent in the Delta States.

These data indicate that the ideal of the family farm as one relying primarily on family labor is more relevant and more easily attainable in some types of farming and regions than in others.

But what are the long-term trends in the family and hired worker composition of the farm labor force?

We obtained data from the Statistical Reporting Service of the Department of Agriculture on the annual average of monthly numbers of farm family workers and hired farmworkers by regions from 1929 to 1962. During the depressed years of the thirties, all regions experienced at least some drop in the relative importance of hired workers in the farm labor force, very likely because of an accumulation of family labor on farms as the rate of off-farm migration slowed.

DURING THE period of the Second World War, another drop in the proportion of hired workers in the farm labor force occurred in all regions except the Pacific States—probably a result of the retention of family workers on farms under Selective Service procedures, the general wartime scarcity of hired labor, and the limited mechanization of farm operations because of the planned wartime production of farm machinery.

In the period after 1945, however, several different patterns may be observed among the geographic regions. Only slight year-to-year changes and no trends have been evident in four regions—Middle Atlantic, East North Central, West North Central, and Mountain.

Moderate but fairly steady increases in the proportion of hired workers in the farm labor force after 1945 appear to be the pattern in the other five areas. Our data provide only inconclusive evidence of the relative position of the family farm in these areas.

In the Pacific region, an increase in hired labor probably resulted from increases in total production of specialty crops, which require much labor, and from farm enlargement. In this region, with by far the largest percentage of hired workers, the family farm has never dominated the farm scene as completely as in most other regions and could be declining further.

In New England, the increase in the hired-labor portion of the farm labor force has probably resulted in large part from a sharp drop in the number of smaller farms. This may actually represent little or no loss in the relative position of family farms.

In the South Atlantic, East South Central, and West South Central regions, the increasing proportion of hired workers is explained partly by sharp decreases in numbers of sharecropper units (whose family members are counted as family rather than hired workers) and reductions in numbers of low-production and subsistence farms. In all three of these regions, the decline in the number of small farms (including sharecropper units) was much sharper than for the Nation as a whole, so that between 1945 and 1962 the number of family workers fell by about one-half. Meanwhile, hired workers increased slightly in the South Atlantic region and decreased slightly in the other two regions. The resulting increasing proportion of hired labor in the farm work force, however, may not constitute an actual weakening of what our country desires as family farms, because sharecropper and other small, low-productive farms are usually not considered to be family farms.

LAND TENURE arrangements of farm operators take on particular importance in any appraisal of the family farm. The traditional tenure goal of full ownership has continued to hold a strong attraction for many farm people, yet it has been undergoing modification.

The percentage of all farm operators classed as full owners has been unchanged since 1950 at 57 percent—a higher proportion than any other period since 1900. At the same time, however, the proportion of land in full-owner farms declined from 53 percent of all land in farms in 1910 to 31 percent in 1959.

The proportion of full tenancy declined from a high point of 42 percent in 1930 to 20 percent in 1959, and the land area tenants operated decreased from 31 to 15 percent.

A significant tenure trend with reference to ownership of farms is the rise in part ownership—that is, farms made up of both owned and rented land. This tenure class since 1940 has increased steadily in relation to other tenure classes, comprising 23 percent of all farm operators in 1959. Part owners operated 45 percent of all land in farms.

Although a sharp drop in tenancy occurred after 1950, there was little decline in the total area leased. Two factors are responsible. Renting by part owners has increased. Part owners in 1963 operated 219 million acres under lease—more, in fact, than the 163 million acres rented by tenants. The other factor is the increase in average size of tenant farms. This has been due to the decline in the numbers of sharecropper farms, which are comparatively small, and of other small, tenant-operated farms.

Large declines in numbers of small- and medium-sized farms have occurred among tenant farms and among all categories of tenure. The number of farms from 10 to 500 acres declined by 1,467,000 between 1950 to 1959, while the number of farms with 500 acres or more rose by 33 thousand.

As one would expect, the dropout of farms was higher among smaller ones. Disappearance of farms of 260 to 499 acres accounted for less than 1 percent of the total decline. Seventy-two percent of the total decline consisted of farms of fewer than 100 acres. Exceptions to the overall pattern were the East North Central and West North Central States, where the heaviest dropout was in the 100- to 179-acre group, amounting to 36 and

44 percent, respectively, of the total decline in numbers of farms larger than 10 acres.

Rising land values permit comparatively few farmers to purchase enough land for large-scale operation. Many farmers with small acreages and excess machine capacity attempt to purchase more land and thereby contribute to upward pressure on land prices. Many other farmers choose to invest their limited capital in machinery or livestock and to rent some or all of their land. Thus only a fifth of all farms of 2 thousand acres or more are operated by full owners, while three-fifths are operated by part owners.

Farmers who prefer to rent (rather than purchase land) avoid paying high prices for land, but they probably pay higher rents. Their efforts to lease land have bid up effective rental rates. Moreover, higher rental returns also indirectly contribute to the upward pressure on prices of farmland because the higher rental returns make investment in farmland more attractive to farm and nonfarm people alike.

THE AMOUNT OF CAPITAL required for farming poses serious problems for many persons who wish to get established on farms of adequate size.

A 1962 report by the Economic Research Service, "Farm Costs and Returns, Commercial Farms by Type, Size, and Location," showed a large variation in total capital investments per farm. These investments range from 13 thousand dollars per farm on small tobacco farms of the North Carolina Coastal Plain—which had an annual net farm income of 2,500 dollars—to nearly 1 million dollars per farm for large cotton-general farms in the San Joaquin Valley of California, where net farm incomes amounted to nearly 80 thousand dollars annually.

Of 39 types of farms in 21 major farming areas reported in these studies, 25 had a total capital investment in 1961 of 50 thousand dollars or more, and 11 types exceeded 100 thousand dollars. Typical dairy farms had total capital investments ranging from 30 thousand to 60 thousand dollars, and Corn Belt farms ranged from 50 thousand to 100 thousand dollars.

The lowest capital requirements were on farms in the Southeastern States that were representative of most cotton-, tobacco-, and peanut-producing farms in the region. But net farm incomes there were also low in relation to most typical farms in other areas.

The farm types selected for the annual costs and returns studies of the Economic Research Service are important, typical operating units in different farming areas, and in most instances they are the most common unit. They are representative of commercial farms. Thus their capital requirements and other organizational characteristics would be expected to differ from part-time or other farms, where the sale of farm products is not the major source of family income. Such part-time and residential farms are not family farms as the term is commonly understood.

All of the types of farms studied showed substantial increases since 1950 in their total capital requirements, reflecting increases in the amount and value of resources used. With few exceptions, the investment in land and buildings increased at a greater rate than total farm investment. Moreover, the investment in land and buildings makes up a sizable portion of the total capital investment, amounting to 80 percent or more on 18 of the typical commercial farms. Farms in these groups were primarily producers of cash crops, including cash grain, tobacco, and cotton farms, and ranged from small family units to highly capitalized, large-scale farms.

OVERALL, the asset position of commercial agriculture is good. At the beginning of 1962, the equities of farm operators and other owners of farm resources were nearly 87 percent of the value of farm assets. This ratio was 81 percent in 1940 and 91 percent in 1950. Capital assets of agriculture in 1962 were 207.3 billion dollars, compared to 131.6 billion dollars in 1950 and 52.9 billion dollars in 1940.

Increases in the sixties in the capital assets of agriculture resulted chiefly from rising prices of farmland. The increase in the level of capital assets and in prices of farmland has had an adverse effect on beginning farmers who are without substantial family assistance and on established farmers who need to enlarge if they are to meet minimum standards of farm income.

For farmers in these two kinds of situations particularly, means other than ownership must be used to some extent to gain control over resources needed to attain adequate levels of farm production.

In specific instances and on some types of farms, operators rely heavily on nonfarm sources to provide some of the farm resources. Livestock-share leases, farm partnerships, and producer-processor contracts are examples of this type of agreement. Each of these potentially provides that the person who supplies the farm operator with outside capital also participates actively in making some or all of the management decisions. Just how much the use of various arrangements to acquire more capital has diminished farmers' rights to make major management decisions is difficult to determine.

This matter has great significance, because the terms under which a farmer acquires land and capital resources determine whether he actually makes important management decisions, shares these decisions with someone else, or even largely turns them over to someone else. But even where farm management decisions rest mainly with farm operators, their decisions more and more must be coordinated with the operation of farm suppliers and processors, and adjusted to the requirements of government agricultural programs.

WE HAVE TRACED the development of the family farm tradition and described significant changes in agriculture that have transformed the organization of farms.

Still other changes, less apparent in their effect on farm organization, have direct meaning for the family farm tradition. Of particular importance are the declining need for land in crop production, reduction locally in land available for farming as a consequence of growth in urban and other nonfarm uses of land, and the increasing reliance of the farm people on nonfarm employment.

From 1950 to 1959, the acreage used for crop production in the United States declined from 377 million acres to 358 million, and the acreage harvested from 336 million acres to 317 million. The decline of about 6 percent in cropland harvested was more than offset by a 27-percent increase in the average productivity of harvested acres.

The increase in production per harvested acre has been attributed largely to increased use of fertilizer. Some of the increase is also due to concentration of production on better lands, as farmland is transferred to other uses such as to woodland and pasture. This is shown by the regional differences in the patterns of declining cropland and shifts of cropland to other uses.

Relatively large declines in the acreage of cropland harvested occurred from 1950 to 1959 in four regions—Southeast (23 percent), Appalachian (18 percent), Delta (16 percent), and Northeast (12 percent). The Northern Plains, Southern Plains, and Corn Belt all had a decrease of about 8 percent in crop acreage harvested. Slight increases occurred in the Mountain and Pacific regions.

The effect on farming opportunities of a continued drop in the use of land for crop production will depend on whether land taken out of production is suitable for farming and is actually needed for agricultural production. Attention was given to these points in a publication in 1962 of the Department of Agriculture, "Land and Water Resources, A Policy Guide."

According to projections it reported, the national need for harvested crop acreage by 1980 to supply domestic and export needs for food and fiber would be 291 million acres, or 26 million fewer acres than the acreage harvested in 1959. By 1962, the combined operation of the Feed Grain and Conservation Reserve programs were instrumental in reducing harvested crop acreage to 288 million acres—3 million fewer acres than the projected needs by 1980.

Upon the completion of Conservation Reserve and Feed Grain contracts, a major problem relating to the family farm will be to find uses for this land that are compatible with production needs and also take account of the needs of farm families for adequate income. In the absence of continued payments for land diversion, it can be expected that the incentive to return land to crop production will be great, unless profitable alternative uses for diverted land are developed.

Urban and other nonfarm uses for land have had important effects on farming in many localities through a reduction in the acreage locally available for farming. The reduction is not great nationally, although the effects on individual farmers are sometimes serious and may necessitate relocation or continued operation with a reduced acreage. About 1 million acres a year were required for urban and industrial growth, highways, airports, and the like from 1950 to 1961. This land was classed as rural before its conversion to urban use, and some of it had not actually been in farm use. A problem that is more serious locally is the disruptive effect on farms of land speculation extending beyond the area of imminent urban expansion.

OFF-FARM EMPLOYMENT is an important source of income for many farm people. Thirty-four percent of all commercial farm operators reported some off-farm employment in 1959, compared to 27 percent in 1950. Off-farm employment of 100 days or more was reported by 15 percent of the commercial farm operators in 1959, compared to 9 percent in 1950.

A number of factors contributed to this trend. Urban and industrial expansion have multiplied the number of employment opportunities available to farm people. Decentralization of factories and businesses into rural areas and improvement in roads have made nonfarm job opportunities more accessible. A third consideration is the increased desire of farm people generally for higher incomes. Some farmers, with too little capital or credit to enlarge their farm, actively seek outside employment and make their farming a "moonlight" operation.

The combination of off-farm employment and farm operation is sometimes pointed to as being at variance with the family farm tradition, according to which a farm should be capable of providing adequately for a farm family and of utilizing fully its labor. More and more farms, however, have failed to meet one or both of these conditions, as the cash income needs for modern living standards continue to rise and as mechanization further reduces the time for farm operations.

REALISTICALLY, the alternatives to the combination of farming and off-farm employment may be much less desirable, from both an individual and community point of view. The alternatives, broadly speaking, are to continue as full-time farmers but to be underproductive, or to discontinue farming and seek full-time nonfarm employment.

To implement either alternative in a way that benefits the families concerned requires specific and sometimes difficult measures. For many such operators, a shift to full-time farming would involve the acquisition of additional land. Within limits, this could be done through the use of credit. But to try to achieve this on a large scale would seriously bid up prices of farmland.

Farm families who rely in part for their income on nonfarm work often are reluctant to seek full-time nonfarm work if it involves relocation to urban areas. Even those who would like to leave may lack the skills needed to get employment at a wage that would cover their relocation costs and exceed their present incomes, including the value of food produced for home consumption and housing.

ONE MEASURE that may ease the problem of some farm people in shifting to full-time nonfarm employment is the assistance provided by the Manpower Development and Training Act of 1962. Farmworkers with less than 1,200 dollars of annual net family income are eligible for assistance under the act, which provides financial assistance for training and relocation and allowances while training. The net income limit on eligibility, however, would eliminate from participation many farmers who still operate inadequate-sized farms and rely in part on off-farm employment for their income. Some young adults, however, may be able to qualify for training and allowances under the youth provisions of the act.

Probably the most serious challenge to the family farm ideal is the difficulty of entry into farming at a level that holds promise of economic progress for the farm family.

It spells a serious inequality of opportunity between young farm people who do and who do not inherit a substantial interest in a profitable and well-organized farm or otherwise benefit from family assistance. (It must be conceded, of course, that such inequalities of opportunity are not unknown in other economic activities.)

The difficulty of becoming a successful family farmer is made more serious by the fact that farm people, historically, have had high birth rates, so that each generation of farm children is more than sufficient to replace the preceding generation.

Furthermore, the actual numbers of opportunities for employment in agriculture have been declining steadily. The results are evident in nearly every rural community where pressure of economic and technological change in farming have brought about a sharp reduction in farm numbers and farming opportunities for rural youths.

Without doubt, migration from agriculture over the decades has benefited many of those who left and has exposed new opportunities outside agriculture to their descendants. Important benefits have accrued to agriculture also, for the decline in the farm population is one of the factors that underlie the great improvements in agricultural productivity.

THE FAMILY FARM has adjusted to many stresses, but when we focus attention on some of its characteristics we may overlook the significance of other important trends in the structure of agriculture.

The high capital needs and the more specialized management ability needed for modern commercial farming could lead in the direction that farms become quite dependent on outside financing, with farm operators divested of an ever larger share both of ownership of farm resources and of decisionmaking.

Furthermore, some types of farms may become sufficiently large and specialized that both their management and labor force are hired employees. Finally, farming opportunities more and more may come to be hereditary, so that farms are transferred within families from generation to generation.

Any of these developments could take a direction sharply contrary to the ideal of the family farm.

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