Large farms impose a “scorched earth” policy on the land.

On The Benefits of Small Farms

The following article is a condensed version of Food First Policy Brief number 4, The Multiple Functions and Benefits of Small Farm Agriculture in the Context of Global Trade Negotiations. The complete policy brief contains extensive bibliographic references, and can be ordered from the Institute or read at www.foodfirst.org/pubs/policybs/pb4.html

For more than a century, pundits have confidently predicted the demise of the small farm, labeling it as backward, unproductive, and inefficient — an obstacle to be overcome in the pursuit of economic development. But this is wrong. Far from being stuck in the past, small-farm agriculture provides a productive, efficient, and ecological vision for the future.

If small farms are worth preserving, then now is the time to educate the world’s policy-makers about the genuine value of small farm agriculture.

Small Farm Productivity

How many times have we heard that large farms are more productive than small farms, and that we need to consolidate land holdings to take advantage of that greater productivity and efficiency? The actual data shows the opposite — small farms produce far more per acre or hectare than large farms.

One reason for the low levels of production on large farms is that they tend to be monocultures. The highest yield of a single crop is often obtained by planting it alone on a field. But while that may produce a lot of one crop, it generates nothing else of use to the farmer. In fact, the bare ground between crop rows invites weed infestation. The weeds then make the farmer invest labor in weeding or money in herbicide.
Large farmers tend to plant monocultures because they are the simplest to manage with heavy machinery. Small farmers, especially in the Third World, are much more likely to plant crop mixtures — intercropping — where the empty space between the rows is occupied by other crops. They usually combine or rotate crops and livestock, with manure serving to replenish soil fertility.

Such integrated farming systems produce far more per unit area than do monocultures. Though the yield per unit area of one crop — corn, for example — may be lower on a small farm than on a large monoculture farm, the total production per unit area, often composed of more than a dozen crops and various animal products, can be far higher.

This holds true whether we are talking about an industrial country like the United States, or any country in the Third World. Figure 1 shows the relationship between farm size and total production for fifteen countries in the Third World. In all cases, relatively smaller farm sizes are much more productive per unit area — 200 to 1,000 percent more productive — than are larger ones. In the United States the smallest farms, those of 27 acres or less, have more than ten times greater dollar output per acre than larger farms. While in the U.S. this is largely because smaller farms tend to specialize in high value crops like vegetables and flowers, it also reflects relatively more attention devoted to the farm, and more diverse farming systems.

Small Farms in Economic Development

More bushels of grain is not the only goal of most farm production; farm resources must also generate wealth for the overall improvement of rural life — including better housing, education, health services, transportation, local business diversification, and more recreational and cultural opportunities.

Here in the United States, the question was asked more than a half-century ago: what does the growth of large-scale, industrial agriculture mean for rural towns and communities? Walter Goldschmidt's classic 1940s study of California's San Joaquin Valley, As You Sow: Three Studies in the Social Consequences of Agribusiness, compared areas dominated by large corporate farms with those still characterized by smaller, family farms.

In farming communities dominated by large corporate farms, nearby towns died off. Mechanization meant fewer local people were employed, and absentee ownership meant farm families themselves were no longer to be found. In these corporate-farm towns, the income earned in agriculture was drained off into larger cities to support distant enterprises, while in towns surrounded by family farms, the income circulated among local business establishments, generating jobs and community prosperity. Where family farms predominated, there were more local businesses, paved streets and sidewalks, schools, parks, churches, clubs, and newspapers, better services, higher employment, and more civic participation. Recent studies confirm that Goldschmidt's findings remain true.

If we turn toward the Third World we find similar local benefits to be derived from a small farm economy. The Landless Workers Movement (MST) is a grassroots organization in Brazil that helps landless laborers to organize occupations of idle land belonging to wealthy landlords. When the movement began in the mid-1980s, the mostly conservative mayors of rural towns were violently opposed to MST land occupations in surrounding areas. In recent times, their attitude has changed. Most of their towns are very depressed economically, and occupations can give local economies a much needed boost. Typical occupations consist of 1,000 to 3,000 families, who turn idle land into productive farms. They sell their produce in the marketplaces of the local towns and buy their supplies from local merchants. Not surprisingly those towns with nearby MST settlements are better off economically than other similar towns, and many mayors now actually petition the MST to carry out occupations near their towns.

Local and regional economic development benefits from a small farm economy, as does the life and prosperity of rural towns. Can we re-create a small farm economy in places where it has been lost, to improve the well-being of the poor?
Recreating a Small Farm Economy

Recent history shows that the re-distri-
butution of land to landless and land-poor
rural families can be a very effective way to
improve rural well-being. We can examine
the outcome of every land reform program
carried out in the Third World since World
War II, being careful to distinguish between
genuine land reforms — when quality land
was really distributed to the poor and the
power of the rural oligarchy to distort and
“capture” policies was broken — and “fake
land reforms” — when the poor have been
relegated to the poorest, most remote soils.
In every case of genuine land reform, real,
measurable poverty reduction and improve-
ment in human welfare has invariably been
the result.

Japan, South Korea, Taiwan, Cuba, and
China are all good examples. In contrast,
countries with reforms that gave only poor
quality land to beneficiaries, and/or failed to
alter the rural power structures that work
against the poor, failed to make a major dent
in rural poverty. Mexico and the Philippines
are typical cases of the latter.

More recently IBASE, a research center in
Brazil, studied the impact on government
coffers of legalizing MST-style land occu-
pation settlements versus the ser-
vices used by equal numbers of people
migrating to urban areas. When the landless
poor occupy land and force the government
to legalize their holdings, it implies costs:
compensation of the former landowner,
legal expenses, credit for the new farmers,
and others. Nevertheless the total cost to
the state to maintain the same number of
people in an urban shanty town — including
the services and infrastructure they use —
exceeds in just one month, the yearly
cost of legalizing land occupations.

Another way of looking at it is in terms of the
cost of creating a new job. Estimates of the
cost of creating a job in the commercial sec-
tor of Brazil range from two to twenty times
more than the cost of establishing an unem-
ployed head of household on farm land,
through agrarian reform. Land reform ben-
eficiaries in Brazil have an annual income
equivalent to 3.7 minimum wages, while
still landless laborers average only 0.7 of
the minimum. Infant mortality among families
of beneficiaries has dropped to only half of
the national average.

This provides a powerful argument that
using land reform to create a small farm
economy is not only good for local economic
development, but is also more effective
social policy than allowing business-as-
usual to keep driving the poor out of rural
areas and into burgeoning cities.

National Economic Development and “Bubble-Up”
Economics

A relatively equitable, small farmer-
based rural economy provides the
basis for strong national economic devel-
opment. The post-war experiences of
Japan, South Korea, and Taiwan demon-
strate how equitable land distribution fuels
economic development. At the end of the
war, circumstances including devastation
and foreign occupation, conspired to cre-
ate the conditions for “radical” land
reforms in each country, breaking the eco-
nomic stranglehold of the landholding
class over rural economies. Combined with
trade protection to keep farm prices high,
and targeted investment in rural areas,
small farmers rapidly achieved a high level
of purchasing power, which guaranteed
domestic markets for fledging industries.

The post-war economic “miracles” of these
three countries were each fueled at the
start by these internal markets centered in
rural areas, long before the much heralded
“export orientation” policies which much later on pushed those industries to
compete in the global economy. This was
real triumph for “bubble-up” economics, in
which re-distribution of productive assets
to the poorest strata of society created the
economic basis for rapid development. It
stands in stark contrast to the failure of
“trickle down” economics to achieve much
of anything in the same time period in areas
of U.S. dominance, such as much of Latin
America, and to the Asian financial crisis,
which happened after many of the original
policies had been discontinued.

Good Stewards of Natural Resources

The benefits of small farms extend into
the ecological sphere. Where large,
industrial-style farms impose a scorched-
earth mentality on resource management
— no trees, no wildlife, endless monocul-
tures — small farmers can be very effective
stewards of natural resources and the
soil. To begin with, small farmers utilize a
broad array of resources and have a vested
interest in their sustainability. Their farm-
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Small Farm Agriculture...

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...ing systems are diverse, incorporating and preserving significant functional biodiversity within the farm. By preserving biodiversity, open space, and trees, and by reducing land degradation, small farms provide valuable ecosystem services to the larger society.

In the United States, small farmers devote 17 percent of their area to woodlands, compared to only five percent on large farms, and keep nearly twice as much of their land in “soil improving uses,” including crops and green manures. In the Third World, peasant farmers show a tremendous ability to prevent and even reverse land degradation, including soil erosion.

Compared to the ecological wasteland of a modern export plantation, the small farm landscape contains a myriad array of biodiversity. The forested areas from which wild foods and leaf litter are extracted, the wood lot, the farm itself with intercropping, agroforestry, and large and small livestock, the fish pond, the backyard garden, allow for the preservation of hundreds if not thousands of wild and cultivated species. Simultaneously, the commitment of family members to maintaining soil fertility on the family farm means an active interest in long-term sustainability not found on large farms owned by absentee investors.

The Small Farm Path

To the productive, economic, and environmental benefits of small farm agriculture, we can add the continuance of cultural traditions and of the rural way of life. If we are truly concerned about rural peoples and ecosystems, then the preservation and promotion of small, family farm agriculture is a crucial step we must take.

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Food First Policy Brief number 4
The Multiple Functions and Benefits of Small Farm Agriculture in the Context of Global Trade Negotiations
by Peter Rosset
Executive Director, Food First
Paperback, $6.00 plus $3.00 s+h

The on-going process of trade liberalization has had dramatically negative effects on small farmers everywhere. The World Trade Organization’s Agreement on Agriculture has the potential to severely undercut the remaining viability of small farm production, and have devastating consequences for rural economies and environments worldwide.

This new policy brief details the advantages of small farms over the current industrial model, and was prepared for “Cultivating Our Futures,” the FAO/Netherlands Conference on the Multifunctional Character of Agriculture and Land, September 12-17 1999, Maastricht, The Netherlands.

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The benefits of farm size. 2. Small, diversified farms bring benefits to their communities. I’ve never talked with anyone who thinks incorporating agriculture into communities is a bad idea. Pretty much everyone seems to believe, as I do, that there’s value in having a place where people can take kids to pull a carrot out of the ground or come face to face with a pig. Although farmers direct sales (through markets, farm stands and community-supported agriculture programs, or CSAs) tripled from 1992 to 2007, from $404 million to $1.2 billion, they leveled off afterward, growing to only $1.3 billion from 2007 to 2012 despite a large increase in the number of farmers markets during that time, from 4,685 in 2008 (there’s no 2007 data) to 7,864 in 2012. That’s 0.3 percent of total agricultural sales. Do small farms in fact have a future? In what situations can small farms succeed? What strategies are most appropriate for helping to raise small-farm productivity? The authors review both sides of the debate over the future of small farms before coming to their conclusions. Coming down firmly on the side of policy support for small farms, they point to small farms’ significant potential for reducing poverty and inequity. They also clarify the differing roles of and needs for small farms in different country contexts and spell out a policy agenda for promoting small-farm development.