



Photograph by Rick Gerharter/ Impact Visuals.

Large farms impose a "scorched earth" policy on the land.

On The Benefits of Small Farms

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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.

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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 do 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?



Squatters occupy land owned by the wealthy absentee landlords in Acre, Brazil.

Recreating a Small Farm Economy

Recent history shows that the re-distribution 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 improvement 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 occupations *cum* settlements versus the services 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 sector of Brazil range from two to twenty times more than the cost of establishing an unemployed head of household on farm land, through agrarian reform. Land reform beneficiaries 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 development. The post-war experiences of Japan, South Korea, and Taiwan demonstrate how equitable land distribution fuels economic development. At the end of the war, circumstances including devastation and foreign occupation, conspired to create the conditions for “radical” land reforms in each country, breaking the economic 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 fledgling 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.

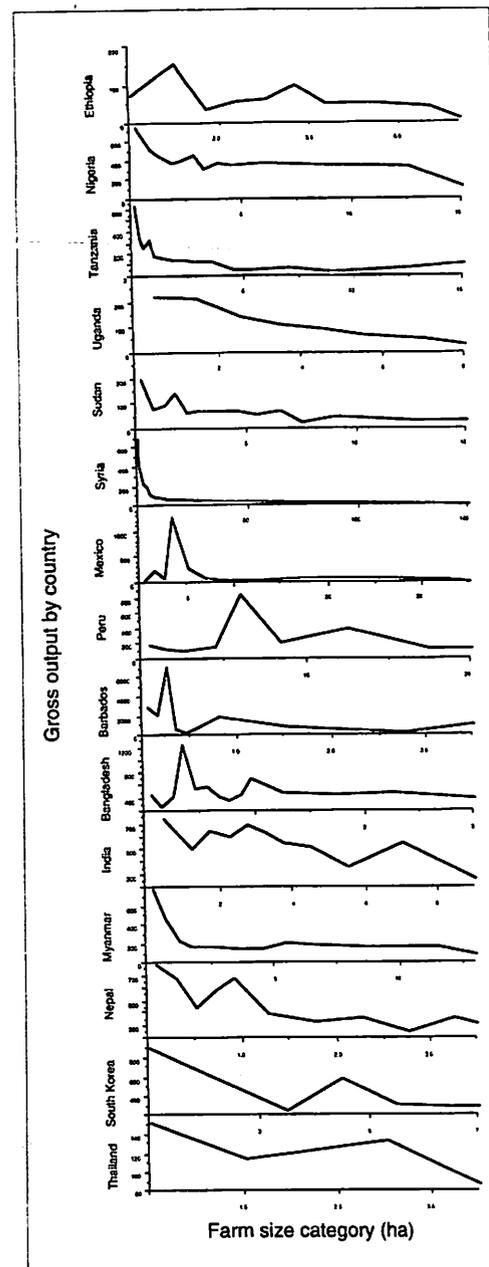


Figure 1: Total production per unit area versus farm size in 15 countries.

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 monocultures — 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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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 cover

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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