

BEEF INDUSTRY
TALKING POINTS

Family Farms vs. Factory Farms



FAMILY-FARMS VS. FACTORY-FARMS TALKING POINTS

- 98 percent of farms are considered family farms, which are defined as operations organized as proprietorships, partnerships or family corporations that do not have hired managers.
- 91 percent of farms are considered small. These farms hold about 71 percent of all farm assets including 70 percent of land owned.
- 9 percent of farms are considered large and very large family operations. Larger farms account for 73 percent of the value of production.
- Small farms are defined as having sales of less than \$250,000.

Source: USDA-ERS 2005 Family Farm Report based on 2003 ag census data

FARM SIZE MATTERS

MANY AMERICANS HAVE THEIR OWN PERCEPTIONS regarding what constitutes a family farm. Their idea of a family farm may have been taken from the pages of *Charlotte's Web*, *Little House on the Prairie* or from stories told by grandparents and great-grandparents. In these books and stories, the farm consists of diversified crops and a variety of livestock kept in small paddocks surrounding a barn, where one family worked around the farm.

The face of agriculture production has changed tremendously over the last few decades. The fact remains, however, 98 percent of farms are considered family farms, which are defined as operations organized as proprietorships, partnerships or family corporations that do not have hired managers. That data is based on USDA's 2003 agriculture census.

While families continue to control the farms, the scale of these farms has grown in order to remain competitive. For example, economies of scale in the beef industry used to suggest that 100 head of beef cows were necessary to sustain profitability. Today, that figure is likely 200 head of cows or more. Otherwise off-farm income is necessary to sustain the business. Additionally, small-farm households are receiving most of their income from off-farm sources. Combining farm and off-farm income, the median

farm-household income in 2003 stood at \$47,600, according to USDA's Economic Research Service 2005 Family Farm Report

Farming, in general, is a family business and in order to attract additional family operators, expansion is necessary. According to the Family Farm Report, since the late 1980s production has shifted sharply to very large farms and nonfamily farms. The shift away from these small farms will likely continue due to negative operating profit margins and the aging of small-farm operators.

In the beef business, cow-calf and seedstock operators have avoided some of the negative perceptions of large-scale or "corporate" farming. Feedyards, however, do have to deal with those perceptions. Even in that segment of the cattle business, says Burt Rutherford with the Texas Cattle Feeders Association, most of the feedyards in their membership area are not corporate owned, but rather owned by groups of individuals or family members involved in cattle production.

WHAT IS A FACTORY FARM?

"The term 'factory farm' is an extremely toxic term," says Aaron Putze, executive director of the Coalition to Support Iowa's Farmers. "It can't be defined."

If someone accuses you of owning a factory farm, put the burden of a definition on them. Putze offers some examples of definitions he's heard:

- "A factory farm is anyone who needs a permit to operate."
- "A factory farm is anyone who produces anything in volume."
- "A factory farm is anyone who stores manure in a pit."
- "We can't define it, but you'd know if you saw it."

"By asking for a definition, you create an educational opportunity," Putze says. "It gives you an opportunity to discuss the issues and let them know that the agricultural community is paying attention. Words mean something. If a word can't be defined (accurately), then it shouldn't be used to characterize an occupation or way of life."

The Coalition to Support Iowa's Farmers helps educate consumers about the importance of food production. Visit the Web site at www.supportiowwasfarmers.org.

Dispel the myth that bigger is bad and smaller is good.

BY KIM WATSON

TIGHTER PROFIT MARGINS REQUIRE PRODUCTION IMPROVEMENTS!

ALL FEELING AND NO FEELING MEANING! USE