

Agriculture at the Crossroads

(A Position Paper of the Northern Plains Sustainable Agriculture Society)

From Farm to Factory

Since the turn of the century farmers have been told to industrialize or face extinction. Earl Butz's "Get big or get out" was simply one of the most familiar refrains. This industrialization process put farmers on three treadmills. The "technological treadmill" (Cochrane, 1979) wherein each new technology adopted by farmers sets them up to need the next new technology. The "pesticide treadmill" (van den Bosch, 1978) wherein the use of a pesticide creates an environment that requires more pesticides, and the specialization treadmill. Specialization not only creates a need for more purchased inputs but it causes the over production of a few commodities thereby lowering the prices and creating the need to produce even more of that commodity in order to survive economically.

Dr. Frederick Buttle (1993) has pointed out that farmers have always been reluctant to adopt industrialization, but in the end have always complied. It is not that farmers were unaware of the treadmills of industrialization. But market forces inevitably pushed them into compliance. As a consequence, our farms are now almost as industrialized as automobile factories.

Of course no one would argue that all of the industrialization has been bad. But indiscriminate adoption has now put farmers in deeper trouble than they have ever been in the history of agriculture. The loss of farms and farmers has been a steady trend throughout the past century. It is systemic. But the new reality is *not* that we are now losing *more* farms than we have in the past but that we are losing seemingly stable, well-managed farms, not just sharecroppers and marginal farms. (Brown, et. al., 1993)

More importantly farmers now control less of a share of the agricultural economy than ever before. According to Dr. Stewart Smith (1992) the farm sector of the agricultural economy has steadily declined during the 20th century. Between 1910 and 1990 the farm sector economic activity had shrunk from 41% to 9%! During the same period of time the input sector increased from 15% to 24% and the marketing sector from 44% to 67%. This means, among other things, that farmers are now woefully undercapitalized and largely at the mercy of the highly capitalized input and market sectors.

The "Tysonization" of Agriculture

Despite these trends farmers are currently being pressured into yet another round of industrialization. What is now being called the "Tysonization" of agriculture is being proposed as the next industrialization process farmers have to comply with if they want to survive. The term comes from the Tyson corporation's revamping of the broiler industry, first in Arkansas and then across America.

In the 1970's the Tyson Corporation decided that they could make more profit by contracting with a few farmers to raise their chickens for them rather than buying chickens on the open market from a lot of farmers. Accordingly, they enticed a few farmers to build large confinement chicken factories and issued them relatively attractive contracts to raise millions of chickens for them. The venture was wildly successful--for Tyson. Corporate profits increase 14 fold and the company's earnings per share from 1980 to 1990 ranked them No. 1 among Fortune 500 companies. (Time Magazine, 1992)

Unfortunately for the farmers and the chicken-plant workers things didn't work out so well. Tyson refused to increase the price paid to growers during the following decade, despite the fact that grower costs had increase 50% (and Tyson dictated how the poultry had to be fed and managed). Since there were now no other markets and the growers had incurred huge mortgages to build the confinement barns, they were stuck. When growers considered collective bargaining to get a better price for raising the chickens, Tyson threatened to cancel contracts of any growers who considered affiliation with such radical fringe groups and suggested that the collective bargaining organizing effort was led by "socialists and animal-rights activists". Arkansas chicken growers are now being referred to as "serfs on their own land". (Time Magazine, 1992)

Chicken plant workers fared little better. Working for near minimum wage in hazardous condition, thirty to fifty percent of the workers ended up with work-related repetitive-motion disorders. The economic depression of both growers and workers translated into economic depression for rural communities in Arkansas, despite Tyson's inordinate profits.

In the meantime, as the Tyson model has been duplicated around the country, the environmental problems associated with this kind of agriculture have become legendary. Soil has become grossly overloaded with livestock manure causing nitrate leeching. These factory models of "farming" now often use cesspools for manure storage which have caused unprecedented environmental damage resulting in hundreds of thousands of fish killed in rivers and streams.

Despite these gloomy outcomes for farmers, for workers, and for the environment, Tysonization is now being proposed as the next step in industrialization that farmers need to take to survive.

Where Are We Headed?

Ironically, given the dire economic straits in which most farmers currently find themselves, many now see the Tysonization of agriculture as their last best hope. In fact, Tom Urban (1991), past president of Pioneer Seed Company, has argued that this final step in the industrialization of agriculture is inevitable and that it might allow farmers to participate in the financial rewards of industrialization without having to invest their own capital.

Neil Hamilton (1994), Director of the Agriculture Law Center at Drake University, warns that farmers need to look very carefully before they leap. In a provocative article entitled "Why Own the Farm When You Can Own the Farmer (and the Crop)?" Hamilton clearly outlines the fact that the contracts in these new contract farming scenarios are never written for the benefit of farmers. The bottom line is that farmers bear all the risks and corporations reap most of the benefits.

Not only are farmers at risk from the Tysonization process, the rest of society is as well. The British economist, Sir James Goldsmith (1993) has pointed out that the welfare of urban communities is directly linked to the welfare of rural communities, and that the welfare of rural communities is dependent on the welfare of agriculture. If we were to Tysonize agriculture on a global scale it would cause social devastation. Goldsmith estimates that if the Tysonization model were adopted worldwide, two billion people currently living in rural communities would lose their livelihoods.

Furthermore, the Tysonization of agriculture will have far greater environmental and health consequences than is currently recognized. The dramatic increase of the pollution of surface and ground water, and the intolerable odors generated by the manure storage cesspools, is only a small part of the problem. The gross specialization that is inherent in the Tyson model will have more far reaching consequences.

Tysonization insists on uniform prodigies of production necessitating very specialized gene pools. That, in turn, eliminates all biodiversity. Most factory farm animal enterprises now use animals from only one or two genetic strains. Turkeys in these industrial systems have now been so specifically bred to produce large breasts for white meat that they can no longer breed naturally (all have to be artificially inseminated). Their feet can no longer withstand the stress they take from the overweight. They have to be fed antibiotics routinely to prevent infection.

Specialized confinement livestock factories also produce more diseases requiring more antibiotics and more obscene waste disposal strategies (like refeeding dead or disabled animals, as well as animal manure, in feed rations) which in turn causes more resistant disease problems. The intense, high speed processing operations, operated by low wage, unskilled workers under intense pressure to process huge quantities of animals, leads to fecal contamination and the inevitable defilement of meat with resistant strains of bacteria.

Furthermore, specialization leads to reduced biodiversity throughout the food system. Not only have we specialized our production systems, but the entire food system. That makes our food system more vulnerable to disease. Nichols Fox (1997) has argued that there is a direct link between uniform mediocrity in food production and an increase in food borne diseases. "Whenever there is a lack of diversity, when a standardized food product is mass-produced, disease can enter the picture."

All of this means that we should be leery of getting on the "Tysonization" bandwagon. Whether this next stage of industrialization takes the form of contracting to raise hogs in a factory farm style hog operation, contracting calves to a corporate meat processing giant, or contracting crops to transnational corporations, there are at least four reasons why we should be cautious.

1. *Tysonization will end free and open markets.* In Arkansas the Tyson Corporation eliminated free and open markets by contracting with a few large producers to supply all their chickens. By eliminating competition in the region and relegating independent producers to the status of "residual suppliers" Tyson totally controlled the broiler market, leaving even the contract producers without any recourse but to accept whatever price Tyson was willing to offer. In North Carolina Smithfield Foods followed exactly the same scenario with respect to hogs. We should

expect that as calf contracting is introduced in the Northern Plains, local auction barns will be put out of business. Increasingly companies will only contract with the largest cow-calf operators, leaving independent producers without markets and eventually all cow-calf producers without alternative markets. This is not idle speculation. Precedents (such as Frito Lay's decision not to contract with North Dakota potato growers with less than 1,000 acres) exist.

Such oligarchic food systems will not only turn farmers into serfs, it will eventually hold all consumers hostage to corporate greed.

2. *Tysonization will increase the liability of farmers.* Contract farming allows agricultural companies to externalize their risks. By owning the results of the farm's production instead of the farm itself, agricultural companies assume no liability for the environmental or social damage caused by the farming operation. The large, mass production systems which Tysonization creates produce increased environmental and social harm. Government regulations to protect the public good, and citizen law suits to protect private property, will increase. And farmers, as well as other citizens, not the agricultural companies, will bear the cost.

3. *Tysonization will further degrade the quality of life in both rural and urban communities.* Contract farming, for the most part, does not retain wealth in local communities. Nor does it protect or enhance the social, human or environmental capital of those communities.

Tysonization tends to drain wealth out of communities rather than investing in them. The basis of creating wealth for distant stockholders is cheap labor, cheap raw materials and the least environmental restrictions. Consequently, Tysonization turns local communities into colonial economies--extracting cheap raw materials from the communities with cheap labor without any concern for the impact they have on local environments. Then they sell back needed, expensive value added products-- another drain on the wealth of local communities.

Meanwhile urban communities will be the recipients of additional out migration from rural communities, adding to inner city congestion, joblessness, homelessness and crime.

4. *When contracts are issued to farmers by agricultural companies, using the Tyson model, it is with the principle intent of protecting the interest of the company issuing the contract.* Neil Hamilton lists eight reasons why agricultural companies issue production contracts to farmers. All eight help to protect the interests of the company. None are designed to enhance the profitability or security of farmers. Tysonization type contracts never empower farmers!

For local Northern Plains communities all of this translates into minimum wage jobs, depressed farm prices and increased environmental damage. The local capital (good soil, clean water, clean air, well-educated people, etc.) will be exploited to enhance the capital of others elsewhere. Ultimately, as these sources of local capital are depleted or degraded, tourism, locally vested businesses, and other wealth producing ventures will disappear from the Northern Plains.

There are Alternatives

Tom Urban was wrong. This type of industrialization is not inevitable. Farmers everywhere are demonstrating that there are profitable alternatives to factory hog farms, to mass producing one or two crops for contract to transnational grain corporations, to developing giant dairy factories, or to all of the other Tysonization ventures.

A few examples can serve to make the point. Bryce Ritz and Steve MacGregor, two young farmers in Nebraska, raise pigs in inexpensive "hoop houses" which cost about \$6,000 for a 30' by 60' building. The low capital investment means they are still in business for themselves and have not had to saddle themselves with huge mortgages to put up expensive, controlled-environment buildings. Instead of cesspools for storing manure, the hogs are bedded down in straw, which absorbs the manure, odor and urine. The hoops are cleaned out twice a year and the manure is spread on fields to fertilize the crops. These operations require less labor and meet industry standards for feed conversion. Many other farmers are raising hogs on pasture with profitable results and minimum labor. (Center for Rural Affairs, 1997)

Intensively managed rotational grazing dairy operations have now been well documented as being as efficient, or more efficient, than the factory style dairy farms. Dairy cows in these operations have fewer diseases, profit margins are up, and farmers claim a dramatic improvement in their quality of life.

In Wisconsin a small group of dairy farmers started an organic dairy cooperative that has now developed into a \$20 million business--and they own it! This cooperative is made up of over one hundred small dairy farmers (many of them young farmers) each with 30 to 50 cows. Each dairy farm is a self-contained ecological unit, each farm composting and spreading the manure from the cows on its own fields and producing much of the feed needed for the cows from those same fields. There is no waste. The Cooperative has its own processing facility, makes its own cheese and other dairy products, and has its own marketing system. They are therefore not vulnerable to the whims of a "Tyson" corporation.

Many of the burgeoning farmer-owned cooperatives in North Dakota are demonstrating that farmers can be successful contracting with themselves instead of a "Tyson" giant. Most of them have developed environmentally sound processing operations--not surprisingly because they are doing business in the communities they live in, so it is in their interest to protect their environment. In some instances bright young North Dakotans who had previously left the state in search of employment, are now coming back to help manage these new business ventures.

In all of these alternative examples farmers are empowered, wealth stays in the farm sector and recycles within the local communities in which the farmers live, and the entire state is benefiting from the increased tax revenues generated by the local wealth.

The next best step for Northern Plains farmers is not to contract with a Tysonization industry, but to reduce input costs, recapture market sector activity, and pool their capital in cooperatively owned ventures that add value to their production. Our future is in producing differentiated products for customers we relate to directly, not in the mass production of undifferentiated commodities for distant multi-national corporations.

And consumers will benefit as well. Farmers who own their own food production systems consistently show great pride in producing a quality product, using environmentally sound production practices, and listening intently, and responding, to what the consumer wants. This in contrast to the Tysonization model where cheap, unskilled labor has no stake in the product produced, and the speed of production often compromises the quality and safety of the product.

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