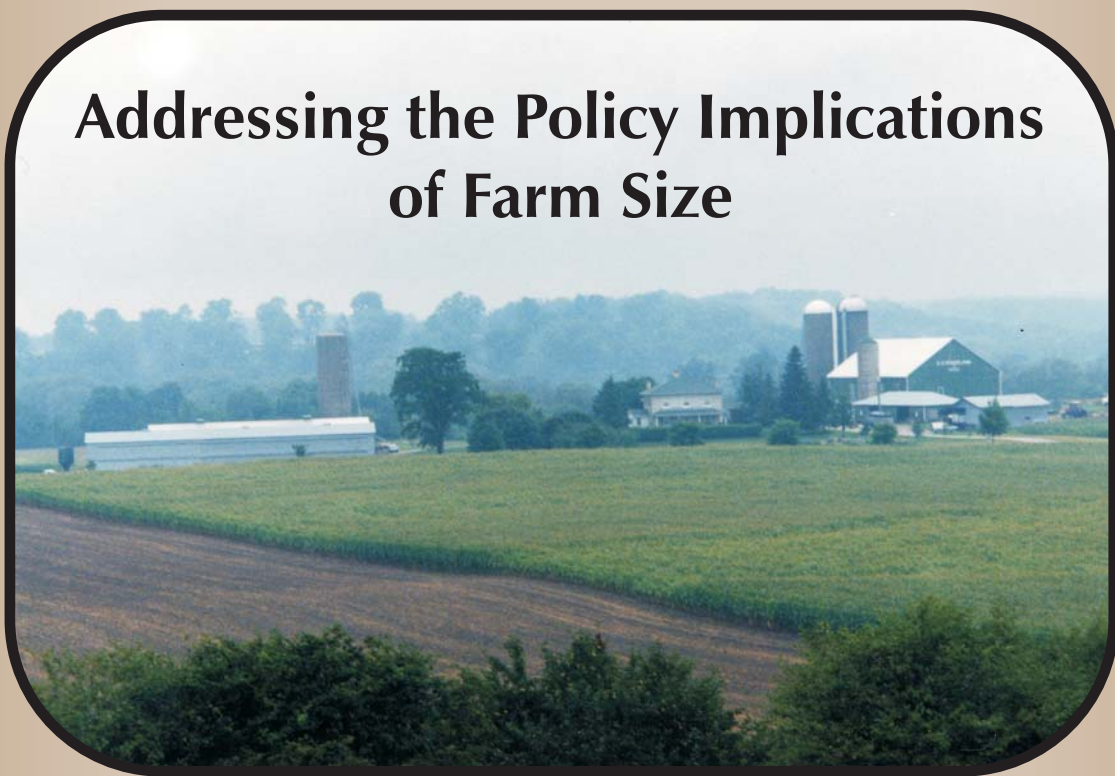


A Place for All

Addressing the Policy Implications of Farm Size



~ A Discussion Document for the Farmers and Friends of the CFFO ~



A Place for All

Executive Summary

This paper seeks to disentangle the common public perceptions surrounding the issue of farm size, discuss the assumptions of current public policy, and propose future public policy directions.

The perception of “large” farms as “bad” and “small” farms as “good” is not necessarily tied to the physical size of the farm operation or the gross revenue of the operation. Instead, there are a number of social, environmental, and cultural perceptions that have created these distinctions.

- Amongst non-farming rural residents and urban motorists, the often overpowering sensory presence of feedlot and hog operations stand out.
- The potential environmental threat of one large operation is perceived to be greater than the aggregate threat of numerous small farms.
- And amongst farmers themselves, there is the perception of owner-operated farms being more proper, in the traditional sense, than investor-owned operations, regardless of size.
- The concentration of impacts in one location is perhaps the greatest source of controversy.

The realities of changes in farm size indicate that while there has been a trend towards larger acreages in farm operations, there has been far greater growth in increased production, efficiency, and concentration of livestock than can be accounted for by land acquisition alone.

Underlying the debate are two competing visions of agriculture: sustainable and industrial agriculture, the former is often connected to “small” farms and the latter to “large” farms.

Two types of policies have been implemented in Canada's public policy framework for agriculture. The first are policies that were designed to stimulate movement towards larger operations. The second are a new generation of rules and regulations that place an onerous burden on all farm operations. The former provides competitive advantages for large

operations, while the latter weighs more heavily on small operations than large ones.

The CFFO proposes that future public policy development take into account the different sizes and approaches to farm operations in Ontario, such that the needs of both large and small operations are met. A series of principles are defined for such policy development. Several specific policy options are also discussed.

Purpose Statement

Farm size is an issue on which there are a multitude of contradictory and often confusing opinions. While the CFFO recognizes the existence and importance of all types and sizes of farming operation and the contribution each makes to the agriculture sector, there is a need to discuss these differences openly. Clarity over farm size is often obscured by the fact that farms do not neatly fall into “large” and “small” categories, but create variable social and environmental impacts. Misplaced expectations of rural living, and, among farmers themselves, not a small amount of ambivalence about the definition of size also reduce clarity. As a result of the welter of views and realities, developing policy using farm size as a criterion is fraught with challenges and risks and therefore often avoided by bureaucrats and politicians alike.

Clarity over farm size is often obscured by the fact that farms do not neatly fall into “large” and “small” categories, but create variable social and environmental impacts.

Charlotte McCallum, a rural geographer from the University of Guelph, has noted several other reasons for a lack of explicit public policy for small farm

Operations in Canada. Small farms are seldom directly addressed in agricultural policy for two reasons. The first reason is that agricultural policy tends to be limited in scope to sectoral concerns, seemingly disconnected from a more diverse rural planning or regional development policy. The second reason is that, in a production-driven sector, while the numbers of small farms are large, the value of their production is a small proportion of the total, and thus a low priority, despite their traditional importance in rural sustainability;

.This paper will try to disentangle some of the threads of opinion over farm size, and clarify some of the implications and options. We will argue that the issue of farm size is fundamentally a consequence of two conflicting views of agriculture and of economics itself. The paper will attempt to show that there are a number of possibilities for policy makers, and the agricultural community generally, to consider the relevancy of farm size to specific areas and issues of farm policy.

The Social Context

The emergence of farm size as an issue is of relatively recent origin. In the past, a growing farm was a sign of success. Actual farm size was usually limited by the family farmer's capacity to manage a larger operation, as well as the lack of competitive pressure or expectations that a farm needed to grow larger. Growth in productive capability was seen as a result of a farmer's hard work. These farms grew incrementally, limited by social, technological and physical factors.

This context began to change after the Second World War, with the impact of the changes becoming fully apparent during the seventies and eighties. Two important developments occurred:

- The farm economy changed. Technology made production more efficient, the world of agriculture began to broaden, trade barriers were reduced, competitive pressures from elsewhere increased, inputs became increasingly expensive, and consolidation of input suppliers, processors and retailers began to put downward pressure on farm revenues. Growing bigger was no longer simply a consequence of hard work and good business practice, but was now seen as a necessity to stay in business and keep up with the rest of the farm economy. Economists and politicians' rhetoric of globalization and competitive efficiencies in other countries created a climate of fear of being left behind. The mantra of "get big or get out" ruled the farm economy airwaves. The new game was to produce more at lower margins in order to increase revenues on ever lower prices. Farm products became bulk undifferentiated commodities that served as cheap inputs to the food industry, rather than a product of direct value to the consumer. Incredible growth in productivity and efficiency has created an agricultural economic situation picture

that is long on supply, adding further downward pressure to commodity prices.

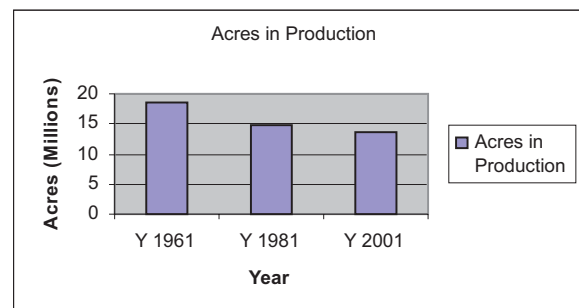
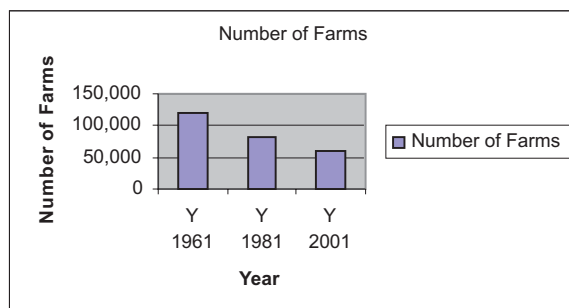
- The number of non-farmers living in the countryside increased significantly. Technology and transportation improvements also made this possible and desirable. Those who moved to the country often had a perception of it as a quieter place of small farms, quite unprepared for the presence of large feedlots and hog barns with loud noises and strong odours. A more densely populated countryside meant the potential for conflict between farmers and non-farmers greatly increased.

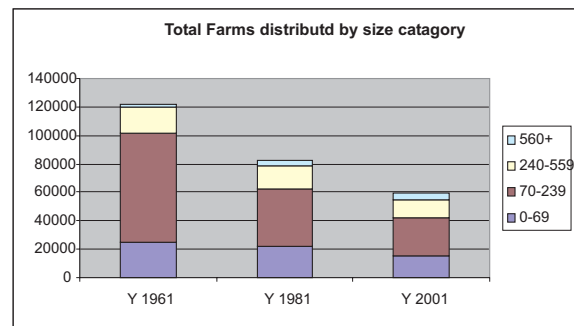
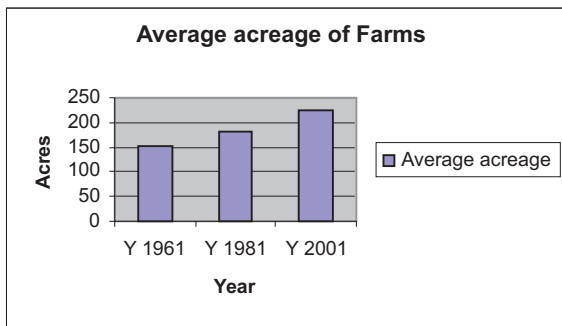
These two trends conspired to create a situation in which farm practices came under greater scrutiny, just as the impacts of larger operations became more obvious. As farms became bigger, new rural residents, as well as other farmers, became increasingly sensitive to the impact of size.

A Quantitative Perspective on Farm Size

Farm size can be viewed in various ways, including revenue, by acreage or by livestock units or more qualitatively, by impact. Statistics Canada measures farm size, primarily by revenue, but also by acreage.

The structure of Ontario's agriculture sector has changed dramatically over the last forty years. The following graphs demonstrate the changes in number of farms in production and the area being used for agriculture, the average acreage of farms, and the distribution of land by size category.





These graphs demonstrate that there has been a dramatic decrease in the number of farmers, mostly from the medium-sized categories. Considering that the number of large farms has not dramatically increased, it would appear that medium-sized farms are largely leaving the industry, to be absorbed by larger operations.ⁱⁱ Furthermore, Census Canada created additional size brackets for larger scale operations in 2001 relative to the previous censuses used in this paper, indicating that the range of sizes and the number of increasingly large farms have become a significant part of the rural landscape.

Revenues per farm operation, even in constant dollars, have risen dramatically. Recent studies by the Institute for Agri-Food Policy Innovation placed the large/small divide at \$250,000 in gross sales, the point where most farm operations were considered large enough to support a family comfortably. In 2004, 9,875 (27% of commercial farms, or 17% of census farms) farming operations surpassed this mark, making them large.ⁱⁱⁱ Using constant (1996) dollars, gross sales of \$38,874 in 1961 would be an equivalent to \$250,000 in sales in 2001. Census Canada stopped creating subcategories at \$25,000 at that time, of which only 4,811 (4%) of Ontario farms would have qualified as large by today's standards. In 1981 constant dollars, \$126,503 would be the equivalent to \$250,000 in 2001. Census data placed their divide at \$100,000, which placed 12,559 (15%) of farms in the large category. Furthermore, additional gross sales divisions have been added, again indicating that the spectrum of gross sales has widened significantly. The number of high-revenue farms, generating ever larger gross incomes, grew steadily through the 1960s and 1970s, while maintaining their strength through the difficulties of the 1980s and 1990s.

The long-term trend of agriculture in Ontario shows that mid-sized farming is disappearing. Producers have found it necessary to either

grow larger in order to compete or exit from the industry. The remaining production farms are developing into more productive, high-volume, high gross-revenue concentrated operations. Large farms have become more and more specialized, concentrating and intensifying input use into smaller areas With higher yields.

Meanwhile, the number of small-scale farms has dropped, but not at the same rate as mid-sized operations. One of the results of this trend is an ever-widening gap in the public policy needs of small and large scale agriculture, and widening conflict between those who view themselves as either small or large.

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Public Perceptions of Size

The data clearly illustrate the trend towards larger farms. However, neither revenue nor acreage in themselves are the source of much controversy among both farmers and the general public. Few object to how much revenue a farm generates. Acreage can be more controversial, if larger size results in natural barriers and fence rows being removed or houses torn down. The impacts of size increase and are more likely to stir conflict. But even acreage, in itself, tends to cause little controversy.

The conflict about farm size has focussed, for the most part, on the impacts of large concentrations of cattle in feedlots or big hog barns. These are seen as obvious indicators of large size. They do not resemble traditional farms. Larger barns, stronger odours and noisier machinery running at all hours are noticeably different characteristics from smaller operations. The traditional owner-operator is sometimes not present. When pollution of waterways occurs, it is often in noteworthy concentrations. Field crops are generally not a source of conflict, except when the odours of manure spreading are noticed.

While non-farmers living in the countryside have contributed to the extent of negative reactions to large farms, the strongest opposition to large livestock operations often comes from other farmers, especially those who produce a different commodity. Although a more crowded countryside contributes to conflicts over farm impacts, it is not the

primary source of conflict over size. The concentration of impacts in one location is perhaps the most significant factor in creating controversy over farm size.

In short, most conflicts over farm size
Are first of all a response to the impacts of agricultural practices, not about size itself. Secondly, the importance of impacts is related to the degree of concentration of farm activities.

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Size then, for the public generally, is most often a way of describing the impact of larger concentrations of livestock, especially on the environment.

A Countryside Perspective

For many farmers and analysts of rural life, there is a deeper and more pervasive issue around the growth of farm size than livestock concentrations. Farmers and non-farm rural residents have expressed concern over the effect of larger operations on rural life, and the resulting loss of economic and community infrastructure in small towns and the countryside. Even though farmers have contributed to this development, it remains a source of regret and loss.

This is a long-standing issue and has been well-documented. As farms become larger, they are more likely to relate to the regional or provincial economy than to that of a local municipality. The local feed mill, abattoir or elevator may not be able to handle the volumes required or produced by a large operation. Farm suppliers such as implement dealers and many

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spin-off activities have been lost. As a result, the farm operator begins to do business with larger corporations in larger centres. Product is designated for export and has no link to the local economy. Larger farms mean that houses along concessions and fence rows are replaced by open fields. Neighbourliness and community are perceived to be diminishing. Farms are less relevant to local communities and the social infrastructure of the countryside disintegrates,

To be replaced by a direct link Between countryside residents and larger urban centres.

The concern of this view is the well-being of the countryside as a whole rather than simply the economics of farming. But, both in public policy discussions and practice, the broader perspective remains a minority one because the need to grow larger is seen as essential to farm survival.

A Farmers' View

The issue of farm size has been a major issue at CFFO district workshops over the years, even when it is not formally on the agenda. It was again a theme in the 2006 regional workshops. The workshops discussed several reports that recommended that farm aid programs be capped and targeted so that small and medium-sized producers are protected while the largest producers are left to shoulder some of the risks of expansion. This solution was the second highest priority solution under efforts to resolve the farm financial crisis. The eighth priority solution stated that small and large farms should be treated differently in government programs.^{iv}

Workshop participants often used the words 'small' or 'large' to refer to ownership differences rather than size. "Large farms" are investor-owned, while "small farms" are owner-operated. Actual size is secondary. While some of this may be a matter of defensiveness, for many farmers and non-farmers alike, farm size is often more a matter of an approach to farming than an issue of size. For them, farms that over time and through hard work grew into statistically-defined "large farms" were wholly different than farms created by an immediate investment of large amounts of capital.

Nevertheless, workshop participants recognized farm size distinctions which they want policy-makers to take into account. For them, such a distinction would need to take into account different forms of ownership, as well as actual size or livestock concentrations.

What Really Drives Conflict over Farm Size?

Both public perception and farmers' views identify some clear distinctions between large and small farms. However, while acreage or revenue may be relevant, the issue is as much a qualitative one as a quantitative one.

Farm size has become an issue because of a gradual change in approach to farming from an integrated family-based operation to an industrial enterprise much like factories in other parts of the economy. Increases in size are less important in raising concerns among a farm's neighbours than an increasingly industrial approach to farming.

As farms become more like other industries, they become mismatched with surrounding land uses. This is much like the pattern of urban development in the nineteenth century. When small neighbourhood manufacturing operations grew into an industrial scale, they no longer fit with their residential and commercial surroundings. New industrial zones were created on the outskirts of cities to accommodate the larger operations. Today, farms that become industries no longer fit into the common view of the countryside as an area of open spaces, clean air and water, low population density and wildlife. In land use planning terms, they become an "incompatible use."

Contrasting Approaches to Farming

Agricultural economist, John Ikerd argues that the distinction between large and small farms is often seen as one of commercial versus non-commercial, as if small farms cannot be profitable.^v In this view, small farms are relics of the past, valued only for nostalgic reasons and not for their productive or social value. He suggests that the distinction is more accurately one between short term profitability and long term viability. Large farms may be productive, and even profitable, in the short term, but in the long term they are neither. The implication of this approach is that a key qualifying distinction between large and small farms may well

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be between two different views of agriculture and of economics itself. Ikerd, and others who share his views, calls one type "industrial

Agriculture” and the other “sustainable agriculture.”^{vi} The latter could also be called traditional agriculture, since it is the way agriculture was practiced before it became almost wholly dependant on fossil fuel inputs in the last 50 or so years.

These two distinct kinds of agriculture are best viewed as ends of spectrum, with no hard line between them. The vast majority of farmers manage their operations somewhere between these two ends, balancing the long run ideal with the short run need to stay in business. Industrial agriculture, at one end of the spectrum, maximizes production and profit, while other qualities, such as social and environmental matters, are considered external to the interests of the business. These need, at best, to be minimized or mitigated. Sustainable agriculture, at the other end, is a more integrated agriculture which, while fully concerned with the production of food, as well as with financial returns, views its productive capacity in the larger and longer term context of the health of the soil, the environmental and social factors. Maximizing production is not absolute nor isolated from other considerations. Production is not separated from farming as a way of life.

One of the inherent consequences of an industrial approach to agriculture is an increase in size. As new technologies increase capacity and as greater volumes reduce prices, increased production, land or herd size is a natural consequence. Because sustainable agriculture places production into a larger context and pays more attention to the nature of inputs and impacts, it does not necessarily lead to increased farm size. Although such farms may well increase in size because of success or ambition, the intent or pressure to do so is tempered by a broader ethic of stewardship and sustainability. In the words of John Ikerd:

Farms in both the U.S. and Canada have become larger, meaning more large farms and fewer farms in total, because we have been promoting an industrial approach to agriculture. We have used mechanical, chemical, and biological technologies to specialize and standardize production processes, allowing for ever-greater mechanization, simplification, and routinization, so each farmer can produce more by managing more land, labor, and capital. The same industrial process led to larger factories, large bureaucracies, and large corporations, so it naturally led to larger farms. There is no

doubt that industrialization is very productive, economically efficient, and profitable in the short run, but this is a far different question than whether it is sustainable over the long run.^{vii}

The trend in agriculture, to which all farmers are to some extent susceptible or pressured, has been towards industrialization, to a less sustainable form of farming. Those who have not moved in that direction have only done so by intentionally developing alternatives and rejecting the dominant approach to agriculture and resisting the advice of its experts. According to University of Guelph rural geographer, Charlotte McCallum, there remains an “implicit negativity around small farms,” while “big is good.” Smaller farms are considered hobby farms. She believes that the voices for small farms have had little impact on public policy to date.^{viii} Furthermore, for many in the farm sector, part-time farming is not 'real farming,' even if they have off-farm jobs out of financial necessity.

Behind the terms “small farm” and “large farm” can lie conflicting views at several levels: a sustainability approach versus an industrial approach to agriculture; a family-based view of farm ownership versus an investor-based one; and finally, differing views of the countryside. Each of these contributes to conflicts over farm size.

Farm Size and the Environment

It is in the area of the environmental impacts of farming where the contrasting approaches are most evident. For smaller, family-owned operations concern for the environment, together with economic viability, is usually a direct, immediate and, when the awareness exists, even an intrinsic value. Concern about the environment is based on more than economic matters. Polluting one's own well, or even stream, affects most farmers personally. Further, family farms tend to include a lifestyle component or rationale which includes a healthy environment. The net result of owner-operated farms is that, barring financial complications, increased awareness of negative impacts is likely to increase the inclination towards environmental stewardship.

In contrast, investor-owned operations are driven, to a much greater extent, by economic considerations alone. They exist to make money for

the investors, who may be unaware of or unconcerned with environmental impacts unless they affect the operation's profitability. Anything beyond economic sustainability is more likely to be only a legal obligation. This does not mean that such operations cannot be good corporate citizens or meet laws against pollution and other matters. It does mean, however, that the interest in doing so is not as likely to be built into the structure or ethos of the operation as with a family farm. Investors are unlikely to have the same awareness of environmental impacts or environmental management as those more familiar with their land. Since the purpose of their involvement is generally limited to financial returns, they are less likely to be responsive to environmental impacts. Even economic sustainability may be less important than for family farms, since capital can be moved elsewhere.

Nevertheless, it is not straightforward to determine, apart from the motivations of the owners, that the actual impact differs between family farms and industrial ones. The aggregate impact of pollution from

The aggregate impact of pollution from smaller operations may be as significant as a more obvious impact from a larger farm.

Smaller operations may be as significant as a more obvious impact from a larger farm. However, the impact of a larger operation on a specific watercourse is likely to be greater than a number of smaller operations. The potential pollution impact of a larger farm is on a larger scale, but it may also be more easily managed because it is a single source and the operator may have the resources to address it. Cumulative smaller impacts may go unnoticed and be less likely to be remedied. On this, generalizations may be difficult to make. Nevertheless, understanding the varying motivations has significant relevance to the approaches public policy needs to take to different kinds of farm operations.

Current Policies and Farm Size

Increasing farm size and the industrialization of agriculture itself are not simply a necessary consequence of abstract market forces. Economic changes do not occur in a policy vacuum. The assumptions about the value of size and consequent government policies have played a significant role in increasing farm size and the loss of economic viability of smaller operations.

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Governments have been preaching the virtues of size for many years and supporting the trend through public policy. According to an American report published in 1998 (A Time to Act, a Report of the USDA National Commission on Small Farms)

[Public policy has] perpetuated the structural bias toward greater concentration of assets and wealth in fewer and larger farms and fewer and larger agribusiness firms. Federal farm programs have historically benefited large farms the most. Tax policies give large farmers greater incentives for capital purchases to expand their operations. Large farms that depend on hired farm workers receive exemptions from Federal labor laws allowing them the advantage of low-wage labor costs.^{ix}

Canadian policy does not appear to have been substantively different. Two types of policies have been implemented: the first are policies that were designed to stimulate movement towards larger operations. These may not be directly harmful to small operations, but do provide competitive advantages for large-scale operations. The second type is the new generation of rules and regulations that place an onerous burden on all farm operations, large and small alike, resulting in a very heavy burden on small operators, but merely a bothersome one for large operators, resulting in real inequities between operations.

The following are examples of policies that stimulate the growth of larger operations

- The safety regulations established by the Ontario Occupational Health and Safety Act allow farm operations to reach larger sizes with fewer regulations than other businesses. Normally a business must establish a health and safety committee when it exceeds twenty workers or when toxic or specified substances are used. For an agricultural operation both requirements must be met. Furthermore, agricultural operations only need to ensure that there are certified members on this committee if there are more than fifty regular

workers (normally certification is a requirement regardless of size). This allows agricultural operations to become larger without the normal human resources infrastructure in place.

- Ontario labour laws are also designed to allow for low-cost labour inputs into agricultural production. Full-time farm workers in Ontario have no minimum wage, have no regulated hours or designated eating period, no paid vacation, overtime or holiday pay. Seasonal workers do receive minimum wage, but do not receive overtime, nor do they have set hours or eating periods. They can also have room and board deductions taken directly off their paycheque. This system creates an environment where larger operations become more efficient than smaller ones because the average labour costs are diminished.

There are many examples of how a lack of recognition of size creates inequities.

- Government subsidies are usually based on production volume. Canada's current support system, CAIS, is based on historic margins for support payments. Since it works on a whole farm approach, CAIS encourages specialization in one commodity, because diversity tends to reduce the impact of a weak crop year, resulting in a small or non-existent payment. If the basis of subsidy support is to supply the needs of farm operations and the families that live off of them, then production volume may not necessarily be an appropriate indication of those needs. The current system seems to support the continued growth of large farm operations, who receive a larger subsidies based on large margins, not need.
- The structure of CAIS also has an inherent bias in favour of incorporated farming over single ownership farms. When determining eligible expenses, a corporate farm is able to include hired labour as an expense, whereas a family member's wages cannot be used. While many family-owned farms are already incorporated, these types of structural rules encourage a specific form of ownership.
- The new requirement to develop nutrient management strategies. The cost of such a strategy is not likely to differ greatly from smaller to larger farms. Yet small farms are being asked to pay for them, just as larger farms are. One of the major contributors to the hostility towards governments in many parts of the farm sector is the extra

burden faced by small farms when regulations are not responsive to the significance of size. Furthermore, the Ontario Current Cost Adjustment program, which offers a 30% deduction on qualified capital expenditures, is only available to corporate farms, thereby offering support for nearly all large farms and leaving many traditional family farms unsupported.

- Increasingly onerous Canadian Food Inspection Agency regulations have made the operation of small-scale abattoirs and other processing plants extremely difficult to maintain, resulting in the closure of many operations in recent years. This blow to the small-scale supply chain has narrowed the sale options for small-scale producers, who have difficulty meeting the desired sales lots of large-scale processors.

Perhaps a third type of inequity needs to be defined the economic barriers for small scale producers. This is not the result of a particular public policy, but is a consequence of the bias towards large farms

- Volume-based incentives for inputs and production are evident throughout the agri-food industry. Seed companies actively advertise discount pricing on volume purchases, long-time commitment discount rewards, and early payment savings. High-value processors and retailers are only willing to offer premiums to producers that can consistently meet their demands.
- Processor desire for minimum sizes on incoming lots of livestock has made it difficult for small scale producers to qualify as a supplier. Processors have become larger to compensate for the costly regulations surrounding food processing, and the use of contracts allows them to streamline their operations further.
- The industry-driven minimum quota levels for supply-managed commodities make it very difficult for new entrants with limited capital to get started. Also, while personal use exceptions are available, there are no legal options for self-marketed small-scale farms which desire to engage in the sale of these commodities on a micro-scale.

In any economic sector, government policy needs to create a balance between ensuring companies are large enough to be competitive and not allowing a few players to control the market. As the trend towards larger farms continues, policy-makers need to address the impacts. It is not in

the interest of producers or consumers to have food production concentrated in the hands of a few large farms. Food prices would soar and the countryside would suffer serious consequences.

Without policies that protect ownership diversity, the competitiveness that Canadians benefit from will be lost and the countryside will be severely disadvantaged. Canadians and their governments must address the underlying question: is the total industrialization of the agricultural sector to our benefit? If the answer is no, then a fundamental shift will be required to ensure that both large and small farms operate within a policy context that maximizes their economic viability.

In short, the rhetoric of “get big or get out” and its impact on policy has substantially disadvantaged smaller farms and needs to change in order for them to survive. At the same time, policy needs to recognize the reality of large farms and the role they play in the economy.

New Policy Directions

The changing nature of agriculture means that generalizations about agriculture are becoming more difficult to make and less meaningful. In a time when mixed farming on small acreages was the most common form of agriculture generalizations were valid. Today the agriculture sector is very diverse. This requires

Diverse approaches to agriculture policy and new ways of thinking about the relationship between agricultural activities and the surrounding landscape, adjacent uses, local communities, and transportation systems.

Future farm policy decisions need to keep in mind the unique qualities of small farms and large farms. In many cases, distinct policies will need to be made for each group.

Future farm policy decisions need to keep in mind the unique qualities of small farms and large farms. In many cases, distinct policies will need to be made for each group. In some cases, policies will require gradations of application, depending on specified size categories. David Sparling and Pamela Laughland of the Institute of Agri-Food Policy Innovation write: “To accelerate growth and competitiveness in Ontario agriculture we must develop policy streams tailored to the different objectives, needs and capabilities of the members of the industry.”^x

There are a series of principles that are important in the development of further agricultural policy

- A range of farm sizes are both necessary and desirable parts of Canadian agriculture. Public policy should support farms of all sizes, ensuring their respective compatibility with their surrounding environment. Continuing the trend of present policy will mean that smaller farms will be continuously more disadvantaged and more and more of agriculture will be industrialized.
- Government policies should not view smaller farms as social welfare cases. The data shows that both large and small farms benefit from government support and larger farms often more so. Policy should, as much as possible, support the economic viability of small farms. Supporting their economic viability will make it possible for them to contribute to the social and environmental sustainability of the countryside. In the same manner, government policy should not focus exclusively on the economic viability of larger farms and ignore issues their impact has on local communities and the environment. In each case, policies should be appropriate to the size, capacities and impacts of the farm.
- There needs to be a policy shift away from the mentality of protection of small farms towards pro-active support of small farms. Small farms play a vital role in the social and economic well-being of the countryside. Governments need to develop policies targeted specifically to them.
- Although there will be many exceptions, family farms are more likely to be effective stewards of the natural environment, capable of humane treatment of animals and participants in local communities, than larger, investor-owned operations. The structure and capacity of the family farm allows it to be, in general, more able to deal with these concerns. Farm organizations can use this as a communications point in marketing and policy advocacy.
- The current emphasis on heavy regulation is not the best method of encouraging environmental stewardship. This places an onerous burden on large farms and a crushing one on small farms. A balanced incentive and regulation approach will yield positive results.
- Government policy needs to view large concentrations of livestock as a type of agricultural industry distinct from conventional agriculture. This requires a paradigm shift that acknowledges that

such operations are not farms in the traditional sense. Identifying an operation as an “industrial farm” should not be a pejorative label, but is simply more reflective of the reality of the operations--their manner of operation and impacts, and the relationship between the operation and surrounding uses.

These general principles lead to a number of specific policies directions that should be taken

- The implication of recognizing large concentrations of livestock as a distinct industry is that such operations will be located and regulated in a manner similar to other large industries. This will result in a more realistic environment for operating and would free them to do what they do best, without the constant aggravation of conflicts with neighbouring uses and impacts. Special zoning designation, transportation access, wastewater management, odour and other air emissions, would all be subjected to regulations appropriate to the industry. Such operations do not need to be in the countryside. If properly regulated, they could be in special zones along major highways.^{.xi}
- Maximum payment caps should be placed on farm support programs. Such programs are meant to support farming families through difficult times. Furthermore, no single operation should have access to such large amounts of public money. Large operations should be able to operate effectively without considerable government support. A sliding scale of government support could be implemented that recognizes that smaller operations often have a greater need than larger ones. These caps should be evaluated on a commodity by commodity basis, as a “one solution” system for all of agriculture would prove to be inequitable.
- There should be adjustments in taxation that recognizes the different nature of industrial farming and small farming. This does not mean that feedlots and hog operations should be taxed more heavily. Rather, taxation needs to be more flexible in a number of ways.
 - All agricultural operations should be recognized for the environmental stewardship that they undertake, either through direct payment or decreased taxation. This would provide a further incentive for pure-profit driven operations towards stewardship and would reward those with ecological goals.

- Small-scale, value-added on-farm operations should be zoned as agricultural. The scale of these operations should be limited to using the resources available on the farm as the primary input, and must involve further processing of agricultural goods. When given the choice between a value-added operation taxed at a low rate or no value-added operation because of onerous taxation levels, the former option is of the greatest benefit to the rural community.
- Government policy should provide incentives to cooperative ventures among smaller farms as a means to increase the economic viability and clout of such farms. These ventures would allow groups of smaller producers to qualify for input supplier discounts and would enable them to meet the desired lot quantities of large-scale producers.
- A provincial policy framework is a requirement for larger operations because their context and perhaps economic clout may be too large to be addressed by the municipality. While agricultural zoning details are not an appropriate provincial responsibility, a provincial policy on the matter would be a guide for municipalities.
- Governments need to ensure that general farm regulations, such as manure management and food safety regulations laws do not disadvantage or negatively impact on smaller operations. For example, smaller processing facilities should be encouraged, with size-specific regulations.
- Government should provide regulatory support for the establishment of local, producer-based registered farm markets. This would provide small farmers with the opportunity to market their produce locally, thereby strengthening the relationship between the urban and rural communities.
- Land use requirements need to be more flexible, allowing for agri-tourism and small-scale processing. Mixed-use areas, including smaller farms, residences and appropriate scale enterprises, can co-exist in much of the countryside.
- Government should strengthen its current agricultural education programs. One program should be targeted to improve urban and rural residential awareness of common agricultural practices and the efforts made by the rural community to be proper stewards of the land.

- A program should be introduced that improves technology and information transfer between government, processors and other members of the agri-food industry. The merits of new forms of extension services should be examined. The value of personal interaction between farmers and industry experts should not be underestimated. There is evidence from states such as North Carolina that a well-established network of extension services will help place Ontario agriculture on the leading edge of the industry and remain there.
- There should be continued investment and support in programs that develop the skills of those who have off-farm jobs. Programs such as “Options” should be seen as a good first step, not the final answer for small farms.

Public policies that recognize the contributions made by farms of all sizes, and regulates accordingly, as well as providing appropriate support programs to all kinds of farms, will contribute to a viable agricultural sector and a socially and environmentally healthy countryside.

~ Acknowledgements ~

- i Charlotte McCallum, personal correspondence, January 2007
- ii Census of Canada, Ontario, Agriculture 1961; Census of Canada, Ontario, Agriculture 1981; Census of Canada, Ontario, Agriculture 2001. Note: these numbers currently include non-commercial farms.
- iii David Sparling and Pamela Laughland, *The Two Faces of Farming*, Institute of Agri-Food Policy Innovation, Guelph, Ontario, September 2006.
- iv Report of the CFFO Seminar Series 2006, *A Clash or Convergence of Views*.
- v John Ikerd, *Production Farms, Specialty Farms: Exploring the Options for a Sustainable and Profitable Agriculture*. Presentation at the Christian Farmers Federation of Ontario Annual Convention, Guelph, Ontario, November 9, 2006.
- vi The term "sustainable agriculture" fits within G.H. Brundtland's formulation of sustainable development as meeting our current needs without impinging on the ability of future generations to do the same. Sustainable agriculture involves a wide variety of conservation initiatives that operate with this ideal at its centre. An example is reduced use of fertilizers which often contain nitrates.
- vii Ikerd, 2006. For a transcript of Ikerd's speech at the CFFO's 2006 convention, please visit our website at <http://www.christianfarmers.org/>
- viii Personal conversation, September 2006
- ix Barbara Meister and Jennifer Yezak Molen *A Time to Act: A Report of the USDA National Commission on Small Farms*, (Washington, 1998), p4
- x Sparling

xi An American Planning Association conference, 2002, Session on Feedlots and Land Use Conflicts argued for the establishment of specialized agricultural zones. . See <http://www.design.asu.edu/apa/proceedings02/JOHNSON/johnson.htm>

The conference report states: Agriculture as practiced today is often an industrial process involving the use of mechanical equipment, chemicals and heavy machinery. It is common for local governments to employ more than one type of industrial zone, based on the different types of manufacturing and the potential for spillovers of noise, dust, glare, and chemicals from one property to another. Light manufacturing might be put in an M-1 zone, whereas more intensive, heavy manufacturing would be put in an M-2 zone.

Similarly, a local government could use different agricultural zoning districts depending on the intensity of livestock concentrations. For example, in 1999, Elkhart County, Indiana pioneered the use of agricultural zones to separate feedlots from other farming operations. The county amended its ordinances to add three agricultural zoning districts:

- * The A-3 Farmland Preservation District;
- * The A-4 Confined Feeding Protection District; and
- * The A-5 Intensive Livestock Operation District.

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