Bigger is Not Better

Small-scale family farms are more efficient than their large-scale industrial counterparts.

Perhaps one of the most prevalent myths in American agriculture is that larger farms are more efficient than smaller ones, and thus expanding to mega-size is the only way to compete. However, the economic evidence shows that production-wise, small operations are quite efficient, and the main driving force for getting bigger is to maintain access to size-biased markets.

When only yield of one or two crops is considered, larger farms are more productive, simply because they can take advantage of economies of scale to produce thousands of acres of one crop, such as corn. However, when economists look at the total output — sum of everything a farm produces: grains, fruits, animal products, forage, etc. — of a particular farm, smaller, more diverse operations win hands down.

Crunching the numbers

◆ Small farmers worldwide produce from two to 10 times more per unit area than do larger, corporate farms, according to the Institute for Food and Development Policy. An analysis done by the Institute found that the greater total productivity of smaller farms can be explained by many factors. For one thing, smaller farms tend to raise more high value crops such as vegetables and fruits. But they also tend to make better use of the land by utilizing multiple cropping and livestock management strategies. Smaller farmers are more likely to intercrop on the same field, utilize livestock waste efficiently and involve labor that is more personally committed to the efficiency of the operation.

◆ Mike Duffy would agree with that. The Iowa State University agricultural economist has studied records of the Iowa Farm Business Association (3,000 commercial farmers) for several years.

For row crop farmers, the cost of production starts to lose its efficiencies of size advantage somewhere between 400 and 600 row crop acres, says Duffy. For hog farmers, efficiencies of scale advantages are lost when they market...
beyond 1,000 head per year, he says.

- In case studies conducted by the Land Stewardship Project and the Minnesota Department of Agriculture’s (MDA) Energy and Sustainable Agriculture Program, it was found that four farms using sustainable methods were more than three times as profitable on a per-acre basis as their larger, more conventional, neighbors.1

- One 350-acre southeast Minnesota crop and livestock farm studied as part of a LSP/MDA case study used pasture farrowing, straw-bedding and other low-cost, sustainable hog production techniques to produce pork for about 28 cents per pound. At the time, large factory farms were producing pork for closer to 40 cents per pound.2

**What can you do?**

- Don’t allow the “bigger is better” claim to go unchallenged when it is voiced in public forums. Write letters to the editors of your local newspaper pointing out what sound economic analysis has found.

- Tell your representatives on both the state and federal levels you oppose farm policy that favors large-scale, monocultural agriculture. For example, “emergency” commodity payments that go only to corn and soybean producers unfairly punish smaller, more diverse farmers.

- Ask whether new agricultural technologies being developed and introduced by land grant institutions are “size neutral” in their benefits. Can a farm that does not have access to Wall Street capital successfully adopt and use this technology?

For example, research on how to make large-scale manure pits smell less favors mega-livestock factories, rather than independent, family-sized operations.

**Sources**


3 Duffy, Michael (Iowa State University). “Testimony given to the National Commission on Small Farms,” 1997


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*This fact sheet is brought to you by the members and staff of the Land Stewardship Project, a private, nonprofit organization devoted to fostering an ethic of stewardship for farmland and to seeing more successful farmers on the land raising crops and livestock. For more information, call 651-653-0618 or visit www.landstewardshipproject.org*