



THE CALIFORNIA INSTITUTE FOR RURAL STUDIES

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Testimony of Don Villarejo, CIRS Executive Director to the Sacramento Public Hearing of the National Commission on Small Farms September 15, 1997

My name is Don Villarejo. I am Executive Director of the California Institute for Rural Studies, a private, non-profit research and education organization with a twenty-year history of service in rural and agricultural areas of California. Our accomplishments include co-founding the organization now known as the Community Alliance with Family Farmers Foundation as well as service for seven years on the Rural Economic Alternatives Project Committee in Stockton, California, which initiated a variety of programs to directly assist small farmers. I have also served as a consultant to the University of California Cooperative Extension Service to provide affirmative action training to staff who wish to learn how to provide services to ethnic minority farmers and farm workers.

Small farms present a contradiction. Traditionally the backbone of U.S. agriculture, their share of national farm production has steadily eroded throughout this century. Large-scale farms have been able to take an ever-larger share of U.S. production.

This is shown in Figure 1, where the national share of the 100,000 biggest farms is shown. In 1959, the biggest 100,000 farms had about 1/3 of total farm sales and about 1/6 of net cash income from farming. By 1992, their share had grown to an enormous degree: the biggest 100,000 farms now account for fully 57% of total farm sales and an equal share of net cash income from farming.

In California, the degree of farm-size concentration is even greater. The small farm share of the state's total cash receipts from the sale of agricultural commodities has steadily decreased throughout the past several decades. From 1978 through 1992, California farms reporting less than \$40,000 in annual farm cash receipts saw their market share decline from 4.7% of the state total to just 2.3% today.

However, the good news is that small farms are alive and vigorous in California today. Some 51,317 California farms, accounting for two-thirds of all farms in the state, are "small" by this measure, i.e., have annual farm cash receipts from the sale of agricultural commodities amounting to less than \$40,000.

More to the point of this hearing, our small farms are a remarkable

source of innovation and renewal. For example, salad mix, sold today throughout the nation, first reached large numbers of consumers through our state's farmers direct markets and retail food cooperatives some twenty-five years ago. Today, that segment of the produce industry alone generates over \$1 billion in annual revenue. Sadly, it has been entirely taken over by the nation's largest vegetable producers. This new concept today largely brings high returns not to the small farmers who first developed it but instead to their competitors.

Fierce competition in the produce industry often leads to a high rate of attrition among small farmers. As our report titled *On Shaky Ground: Farm Operator Turnover in California Agriculture* (Villarejo, 1996) directly demonstrated, small farmers are the most vulnerable. During the five-year period 1990-94 in Fresno and Monterey Counties, overall farm operator turnover was 38.5% and 54%, respectively, stunningly high figures. However, among small farmers, the casualty rates were even higher. More to the point, we find that farm operator attrition, i.e., farms going out of business, was strictly associated with farm size. The smaller the farm, the greater the likelihood of going out of business in just five years. Lack of adequate capitalization is the single largest factor that leads to shutting down.

However, there is good news as well. Surprisingly large numbers of families undertook to start new farm businesses in the same period of time. In Fresno County, for example, despite the fact that 2,269 farms discontinued business in the five years we studied, some 1,792 new farmers started up their operations. Similarly, in Monterey County, 444 farms shut down but 414 started up.

A plurality of the new farmers are Southeast Asian or Mexican immigrants. In fact, in Fresno County alone, some 700 Southeast Asian immigrants are now farming, some 10% of the county total. And in Monterey county, about two-thirds of strawberry farmers today are either Mexican or Mexican-American.

Among small farmers in California today, the needs are clear:

1. access to affordable credit;
2. culturally appropriate on-farm assistance, especially with marketing;
3. replacement of the obsolete cooperative extension service with practitioners who understand how to collaborate with their constituencies.

1959, U.S. Farms = 3,711,000

Biggest 100,000 farms (based on farm cash receipts)
33% of farm cash receipts from commodity sales
17% of net cash return from farm marketings

1992, U.S. Farms = 1,925,000

Biggest 100,000 farms (based on farm cash receipts)
57% of farm cash receipts from commodity sales
57% of net cash return from farm marketings

Source: U.S. Department of Commerce, Bureau of the Census, *Census of Agriculture*, 1959 & 1992.