

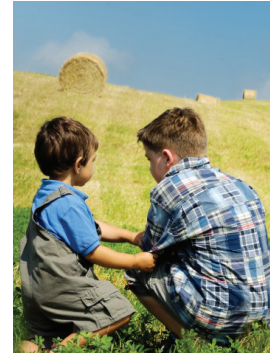


## The Hand That Feeds U.S.

### Family-Owned Businesses are Still the Face of Farming

Critics of agriculture and U.S. farm policy want Americans to believe that ADM, Cargill, Kraft and other multi-billion-dollar conglomerates are growing the country's food and fiber. That's simply not the case—the risks are too high and the profits are too low for large corporations to get heavily involved in farming.

America's farms remain a family affair, and America's farm policy helps keep it that way. Careful examination would reveal that those sectors of U.S. ag production that opted against having a direct form of a safety net have been the most susceptible to vertical integration among large agribusinesses, while sectors with a direct safety net remain independent and family-owned.



- 97% of U.S. farms are family-owned. The number of non-family corporate farms—and percentage of sales from those farms—has remained virtually unchanged since 1978. *Source: USDA*
- The USDA defines a farm as an entity that would normally market at least \$1,000 of agricultural products. Using that threshold, there are only 2.1 million farms in our nation of more than 300 million people.
- Here's how the USDA breaks down these 2.1 million farms:
  - 210,000 (10%) have gross sales of more than \$250,000 and produce 80% of the country's food and fiber—these are family owned businesses with tight margins. Even a 400-acre corn farm fits into this category, barely able to be considered a commercially viable corn farming operation.
  - 630,000 (30%) have gross sales between \$10,000 and \$249,000 and produce 18% of the country's food and fiber. These entities contribute meaningfully to America's food security as a whole, but generally cannot be considered “full-time” farming enterprises. These “farmers” would generally have to earn most of their income from non-farm sources.
  - 1.2 million (60%) have gross sales under \$10,000 and produce less than 2% of the country's food and fiber—these are hobby farmers or land owners with a partial stake in the production. They may enjoy the rural way of life, or have a sentimental attachment to the land
- *Gross Sales* should never be confused with *Net Returns* or profit. According to the USDA, even a farm with \$500,000 in gross sales would not expect more than a 10%–15% gross margin. Therefore, such a family farm would put \$425,000 to \$450,000 on the line each year just to try to produce the \$500,000 worth of goods—leaving them a household income of just \$50,000–\$75,000 before taxes.
- The most profitable side of the food business is in processing and marketing, not the farmer's share.
  - A \$3.79 box of cereal only contains 7 cents worth of grain and a \$3.99 bag of potato chips doesn't even earn a dime for potato farmers. *Source: National Farmer's Union*

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***"The farmer is the only man in our economy who buys everything at retail,  
sells everything at wholesale, and pays the freight both ways."***

— President John F. Kennedy