

Watering Factory Farm, Inc.

by Michael Tedin



Most people, given a choice between being an independent farmer who owns his own land and being a farm

laborer paid by a large agribusiness firm, would choose to be an independent farmer. In the Columbia Basin, it's a choice few people can make. Corporate agribusiness is undercutting the small farmer, putting him out of business, taking control of his land, and farming it like a factory, while using wage-paid farm laborers.

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Ironically, we aid and abet this corporate takeover. To irrigate farms, the U.S. taxpayer has invested more than \$3.5 billion and Bonneville Power Administration rate-payers have invested \$25 million annually. In almost all public irrigation projects, the value of water delivered to farmers far exceeds what they must pay to get it. Subsidies turn a stream of water into a stream of money. Little of either reaches the family farm.

Ignoring this vertical integration of growers, politicians and media pundits instead extol the virtues of export-oriented agriculture and value-added food processing. The pay-off, they say, are the new jobs in agriculture. Yet these jobs are part of the process putting the small farmer out of business.

In towns of independent growers, farmers buy supplies from local businesses. They see their local bankers for loans. They sell to local marketers. Rural towns made up of small farmers usually are more

economically and ecologically stable than towns with one employer and hundreds of wage laborers.

A lone firm dominating a rural town purchases supplies in bulk in large regional centers in cities. It seeks financing in distant cities. It sells goods to large purchasers in regional centers. Thus export-oriented agriculture and value-added food processing enrich cities and under-develop the countryside. And those new jobs for a highly skilled, diverse work force—they remain in the city, too.

Consider one major crop, potatoes. McDonald's, Burger King, and other international fast food retailers, being huge buyers, demand and get good prices from the french fry processing industry, dominated by multinationals such as ConAgra, Nestlé, and Simplot. These frozen potato processors sign lucrative contracts with large growers, not with small farmers. For the same or greater acreage of potatoes, JR Simplot Company contracted with 86 contract growers in 1995 yet with only 13 this year.

In recent meetings with surviving independent growers, the Columbia Basin Institute heard stories of widespread corporate abuse of acreage limitations on federally subsidized irrigation projects. To meet their contractual obligations with the processors, the custom farmers must control several thousand acres. A small number

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of processor-designated operators with big elbows organize the land of small owners into undeclared leaseholds. The former independent potato farmers must accept an early retirement as rentiers.

Using contracts, food processors are able to control tens of thousands of acres. These contracts require a certain type and quality of potato and give technical advice on how to grow it—which amounts to a directive to apply fertilizer, water, or pesticides at certain times. Once the crop is grown and harvested, the processor, by



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contract, may reject the produce. Hence the grower usually follows the directives. These contracts commonly grant the processor a share of the farmer's profits. The amount of acreage processors end up controlling is far beyond the limits set by Congress.

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To encourage the settlement of small farms, rather than the organization of large estates on which farmers would be mere tenants, the Reclamation Act of 1902 set limits on the amount of land to which a farmer could apply federally subsidized water. As time passed, irrigators found loopholes which large farmers used to gain control of bigger tracts of land. The Reclamation Reform Act of 1982 aimed at correcting these abuses while raising the ceiling to 960 acres. Yet the rules implementing the law still leave loopholes.

A single corporate grower can set up a number of trusts, each of which owns lands within the acreage limitations. Then, the grower farms the entire acreage as one unit. Other cases border on fraud: a smaller landowner certifies that he is not applying water in excess of acreage limitations yet leases to a large grower in complete possession and control of his land and that of others. Thus large growers in the Columbia Basin get control of many thousands of acres.

Closing the loopholes would give control back to the small farmer. To enforce acreage limitations already in reclamation law, the Bureau of Reclamation should design and implement new rules to determine when land owned or controlled by different parties is actually being farmed as one operation. No one criterion provides a litmus test to determine this. The Bureau should use a number of criteria which in combination may identify overly large farm operators.

Now, however, the Bureau of Reclamation fails to adequately monitor and rigidly enforce acreage limitations, letting agribusiness grab the subsidy intended for small family farmers. This shift in financial support facilitates the decline of the small farmer and the takeover by the corporate farmer. It fosters the conversion of these stunningly expensive irrigation projects into Third World corporate plantations. Large, export-oriented multinational corporations force independent small farmers into the highly competitive global market where they cannot compete. When small farmers go under, so do economically independent small towns. Surviving operators won't be farmers but contractors controlled by the processors in league with the fast food retailers.

In his book, *Lost Landscapes and Failed Economies**, Thomas Michael Powers exposes the flaws in the strategy of basing a local economy on the resource extraction model. Powers argues that the quality of the natural landscape is an essential part of a community's



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permanent economic base and should not be sacrificed in short-term efforts to maintain employment levels in industries that are ultimately not sustainable. The same holds for the social landscape, too. If the Bureau of Reclamation were to strictly enforce acreage limitations on reclamation projects, we could preserve the family farm and the economic independence of rural towns.

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Finally, we need to stop subsidizing growth. Since 1994, Oregon communities have given huge tax breaks to companies that move into the state. Portland and other metro-area cities are also giving breaks to developers of high-density housing. Such breaks will, in the long run, prove disastrous to urban livability.

A trust fund to buy open space could be funded by a tax on real estate sales.

Unlike the Metro 2040 Plan, ideas such as these will reduce, not increase, congestion and pollution. They will allow people to choose the kind of neighborhood they want to live in, not force people to live in New York-area like densities. And they will protect the farms and open space that are important to us, not just those that are on one side of an arbitrary urban growth boundary.

The latest version of the 2040 Plan was adopted this fall by elected representatives on the Metro Council. If you live in the Portland area and you like congestion and pollution, the higher crime that goes with higher population densities, skyrocketing housing prices, and huge subsidies for growth, then you don't need to get involved. Otherwise, you should find out what Metro plans to do in the vicinity of your neighborhood, and work with your neighbors to stop it.

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- (1) Metro, *Region 2040 Recommended Alternative Technical Appendix*, 15 September, 1994, Table 7.
- (2) Ibid., table titled "Total Region, Selected Performance Measures."
- (3) Metro, *Regional Transportation Plan Update*, 22 March, 1996, page 1-20.
- (4) Metro, *2040 Plan Growth Concept*, 8 December, 1994, Appendix C, page 19.
- (5) R. Gregory Nokes, "Taking a Stand," the *Oregonian*, 16 March, 1995.
- (6) Metro, *Metro Measured*, May, 1994, page 7.
- (7) Natural Resources Conservation Service, *Natural Resources Inventory* (Washington, DC: United States Department of Agriculture, 1992), Table 1.