

Getting Bigger

Don Villarejo

Chapter I

SUMMARY DATA ON LARGE-SCALE FARMING IN CALIFORNIA

Introduction

California has emerged as the nation's leading farm state. While it is generally agreed that California farms are, on the average, larger than those in the nation as a whole, there is little agreement on just how much of the state's farmland is in large-scale operations. It is, however, generally agreed that the trend is toward fewer and larger farms. The Research Department of the Security Pacific National Bank, the nation's second ranking bank as measured by volume of agricultural loans, has pointed out that California farms are growing rapidly. The bank's economists state, "As the number of farms have decreased, the average farm size, the investment requirements and the farm income have all increased tremendously...the average size farm unit has increased 77 percent between 1959 and 1969."(1) No such definitive statements can be made, however, regarding the extent of concentration of farms according to farm size nor is it possible to discuss with any precision such related matters as the relative importance of large-scale farm operators in California agricultural production or the characteristics of large-scale operators.

A major limitation in the study of large-scale California farm operators is that the only systematic source of data is the Census of Agriculture conducted every five years. The Census data have been used to estimate average farm size in California. However, this procedure has been criticized by the Small Farm Viability Project of the State of California. The Project's 1977 report stated, "There is a common misconception that most California farms are rather large, and sometimes this myth is perpetuated by the fact that the average farm acreage is now over 600 acres. Actually, it is misleading to refer to the average farm size at all. One reason is that this figure is skewed upward by the presence of a few extremely large farms. Another reason is that it encompasses cattle ranches as well as orchards."(2)

This criticism of the methodology used in the Census of Agriculture is based on the fact that the Census data show only the distribution of farms according to the size of total land, termed "land in farms" which, by definition, includes both cropland as well as range land used for livestock grazing. The Census does not tabulate data regarding the distribution of farms according to size of cropland. Thus, one can learn from the Census that California has 2,813 farms with at least 2,000 acres of land in farms but nowhere can data be found on how many farms have at least 2,000 acres of cropland.(3)

There is another problem with the Census of Agriculture. The Census does not aggregate widely separated farms operated by a single organization. That is, there are a considerable number of multi-unit farm operators in California who have distinct farms in different parts of the state. The precise Census treatment of data for a particular multi-unit farm operator is difficult to ascertain. In particular, the California Census reports that it identified "... about 1,000 operations having more than one separately reportable farm unit. For these, individual Census reports were obtained for each location. Reports received showing land in noncontiguous counties, for which the data could significantly affect the county totals, were separated into two or more reports which were assigned to the appropriate counties during office processing."(4)

A number of large-scale farm operators, including D'Arrigo Brothers Co. of

California, Bud Antle, Inc., Sun Harvest, Inc., Bruce Church, Inc., John R. Norton Farms and Maggio, Inc., report multi-unit farms operating in Imperial and Monterey Counties. Some, such as Sun Harvest, Inc., have farms in other counties as well. Because the Census counts independently managed units of a multi-unit farm operator as separate, autonomous farms, the overall effect is to understate the degree of concentration of farming operations in California.

By way of contrast, the Census of Manufactures recognizes that a single manufacturer may have several plants at widely scattered sites. That Census counts the number of separate companies as well as the number of plants. More precisely, the Census of Manufactures tabulates both "companies" and "establishments."⁽⁵⁾ Obviously, the former number will always be smaller than the latter.

The present study was undertaken with the intention to correct, at the outset, some of the difficulties encountered in using Census of Agriculture data to arrive conclusions regarding the extent of farm concentration in California. This study examines California's large farms. It is not a study of land owners. This distinction must be made because it is quite commonly the case that California farmers lease the ground that they farm. First, we use the approach of the Census of Manufactures and aggregate data for separate farms of multi-unit farm operators. Second, we tabulate both cropland and total land to permit construction of tables showing the distribution of farm operators according, to cropland size as well as the distribution of farm operators by the size of land in farms. The raw data used in the present study were compiled from public record sources located in government offices throughout the state. Unlike the Census, we could not expect to obtain voluntary reports directly from all farm operators in the state. For that reason, a systematic search of pertinent public records was conducted.

We attempted to identify as many California operators as possible with 1978 cropland acreage in excess of 1,000 acres. Data sought included name of farm operator, location, gross acreage (total land including range land used for grazing), and net cropland acreage. This involved direct inspection of documents at government record-keeping offices in all California counties as well as field work in a variety of state and federal government offices in Los Angeles, Sacramento and San Francisco. In compiling the data utilized in this study, we have applied the definition of cropland of the Agricultural Stabilization and Conservation Service of the U.S. Department of Agriculture. That is, cropland is land that is currently being tilled. Since the ASCS records of California farm operators were the primary source of our data and since the ASCS acreage figures are verified with the assistance of aerial photography, it is likely that this approach results in an accurate record of 1978 cropland acreage. A detailed description of sources consulted and procedures used is presented in Appendix A of this report.

In addition to presenting data intended to contribute to a more precise understanding of the degree of concentration of farm operations in California, it also proved possible to address a number of related questions. This is because data were found that extend beyond what is normally available in the Census of Agriculture. The questions include:

- 1.) What is the extent of ownership and leasing of the lands farmed by the largest farm operators?
- 2.) To what degree do non-farm business operators own large-scale farming operations in California?
- 3.) What inter-relations, if any, exist among presumably independent large-scale farm operators.

4.) What is the rate of return on invested capital among large operators?

Endnotes

1. The Central Valley Report, Research Department, Security Pacific Bank, Los Angeles, CA, 1973, p. 29.

2. The Family Farm in California, Report of the Small Farm Viability Project, Submitted to the State of California, November 1977, Employment Development Department and Governor's Office of Planning and Research, p. 7, background and overview.

3. See definitions used by the Census. For example, 1974 Census of Agriculture, Vol. 1, Part 5. California State and County Data, U. S. Department of Commerce, Bureau of the Census, Washington, D. C., April 1977, p. A3.

It should also be noted that Census data are available regarding the distribution of farms according to size of harvested cropland. However, those data have limited usefulness for two reasons. First, the aggregate harvested cropland acreage in each size class is, not reported. Thus, even though the reader can learn that California has 556 farms reporting at least 2,000 acres of harvested cropland, it is not possible to learn the fraction of the state's total harvested cropland that these farms control. Second, the Census reported 10,629,829 acres of cropland but only 8,307,246 acres of harvested cropland. The difference is 2,322,583 acres, or roughly 20% of the state's cropland, and consists of land planted to vineyards or orchards that are not yet mature as well as other categories of non-harvested crops.

4. 1969 Census of Agriculture, Vol. I. Area. Reports. Part 48. California, Section 1, Summary Data. U. S. Department of Commerce, Bureau of the Census, Washington, D. C., Appendix A, p. A6.

5. See, for example, 1972 Census of Manufactures, Vol. II. Industry Statistics. Part 1, SIC Major Groups 20-26, U. S. Department of Commerce, Bureau of the Census, Washington, D. C., p. 6.