

Growing the Rural Economy: Factors Limiting the Impact of Minority Farmers, Ranchers, and Landowners in Economic Development

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This study examines the root causes of the inequitable participation of minority farmers and ranchers in Virginia in United States Department of Agriculture (USDA) agricultural programs. The overall goal is to reduce the service delivery gaps limiting the participation of minority farmers and ranchers in Virginia in government sponsored agricultural programs. Minority farmers and ranchers in the selected counties need improved and equal access to USDA programs and other federal farm programs to enable them to successfully operate profitable agricultural enterprises. A better understanding of the limitations of this population is crucial in order to develop effective strategies that this group can use in leading the economic development of their communities. The present study offers recommendations to policy makers, extension personnel, and rural economic development proponents for addressing the anomaly.

The U.S. Census Bureau (2010) has projected that the world's population will grow to approximately 9.1 billion in 2050. In comparison to 2002, this is an increase of just over 45 percent. In the "How to Feed the World 2050" report, the Food and Agriculture Organization (FAO, 2009) reported that, to meet food demand by the world's growing population, food production must increase by 70 percent by 2050. Within the report, the FAO stated:

Agriculture in the 21st century faces multiple challenges: it has to produce more food and fiber to feed a growing population with a smaller rural labor force, more feedstocks for a

potentially large bioenergy market, contribute to overall development in the many agriculture-dependent developing countries, adopt more efficient and sustainable production methods and adapt to climate change. (p. 216)

In the United States, while food demand continues to increase, the total number of farmers has decreased from approximately six million in 1910 to approximately two million in 2007 (National Farmers' Coalition, 2011). The national average age of farmers in the U.S. is 57 years old and a recent projection shows that 25% of these farmers will retire between now and 2030 (cite). In Virginia, agriculture and forestry contribute almost \$80 billion annually to the state economy and employs about one half of a million people. This demonstrates that agriculture plays an important role in the economic development of not only the rural communities, but in the development of Virginia, the U.S. and the world economy.

The U.S. government's attempt to boost agricultural production and support the agricultural industry's capacity to meet the growing food demand has primarily been through the United States Department of Agriculture (USDA). With an annual budget of approximately \$149 billion, the USDA works to strengthen the U.S. agricultural economy, build vibrant rural communities, and secure a stronger future for the U.S. middle class (USDA, 2012).

The present study examines the causes of the inequitable participation of minority farmers and ranchers in Virginia USDA agricultural programs. The overall goal is to reduce the service delivery gaps limiting the participation of minority farmers and ranchers in Virginia in government sponsored agricultural programs. The specific objectives are to:

- (a) identify the root causes of the inequitable participation of minority farmers and ranchers in USDA agricultural programs; and,
- (b) develop strategies for addressing the inequitable participation of minority farmers and Ranchers in government agricultural programs.

LITERATURE REVIEW

Previous studies have examined the declining role of black farmers in U.S. agriculture (Schor, 1994), structural changes in U.S. agriculture (Brown, Christy, & Gebremedhin, 1994), challenges faced by small scale farmers in U.S. (Akobundu et al., 2004; Brown, Christy, & Gebremedhin, 1994; Jones, 1994; National Young Farmers' Coalition, 2011) and the impact of extension programs in assisting limited resource farmers in Virginia (Akobundu et al., 2004). Most of these studies have demonstrated challenges faced by minority small-holder farmers and various attempts by the U.S. government to address these problems. However, such attempts have not been successful in ensuring that these farmers participate in several programs designed primarily to address their challenges and increase farm profitability. Farmers, ranchers and landowners can only contribute to the development of their communities if they can profitably manage their farm enterprises. As stated in the 2008 Farm Bill:

Socially disadvantaged Farmer or Rancher- a farmer or rancher who has been subjected to racial or ethnic prejudices because of their identity as a member of a group without regard to their individual qualities. This term means a farmer or rancher who is a member of a socially disadvantaged group. Specifically, a group whose members have been subjected to racial or ethnic prejudice because of their identity as members of a group without regard to their individual qualities. Those groups include African

Americans, American Indians or Alaskan natives, Hispanics, and Asians or Pacific Islanders. (USDA & Natural Resource Conservation Service , 2009)

The USDA Farm Service Agency (FSA) offers programs and services to directly assist minority and socially disadvantaged farmers. The agency established the Office of Minority and Socially Disadvantaged Farmers Assistance (MSDA), to work with minority and socially disadvantaged farmers who have concerns and questions about loan applications filed with local offices.

The major agricultural enterprises in the target area are tobacco, peanuts and cotton (Akobundu et al., 2004). With the advent of tobacco buy-out, increasing production and marketing costs of these commodities, and shrinking farm incomes, limited resource and underserved farmers are struggling to maintain their farms due to high production cost. The cycle of high production cost, unprofitable traditional commodities production and practices, also provide evidence of the need to study the root causes of inequitable participation in USDA programs and activities that provide technical assistance to socially disadvantaged farmers and ranchers.

Minority farmers and ranchers in the selected counties need improved and equal access to USDA programs and other federal farm programs to enable them to successfully operate profitable agricultural enterprises. A better understanding of the limitations of this audience is crucial in order to develop effective strategies that this group can use in leading the economic development of their communities. In addition, there is need to strengthen their production, food safety and marketing skills through USDA programs to develop viable and profitable alternative/sustainable enterprises.

METHOD

The present study covers minority and underserved farmers, ranchers and landowners in 20 of the 134 counties and independent cities in Virginia. The population has been traditionally underserved, and therefore has had limited participation in USDA agricultural programs. Structured survey instruments were used to collect information from 263 current and prospective minority farmers and landowners through organized conferences (3), workshops (2), and focus group meetings (2).

A two-stage approach was used in this study. Stage one involved the collection and analysis of survey data to address the first objective: to identify factors causing low-level of participation of minorities in government agricultural programs. Stage two was focused on evaluating one of the actionable strategies developed through the analysis of the data collected in stage 1. This involved generating new dataset for analysis. The evaluation process in stage two enabled us to test and validate the effectiveness of the strategy.

RESULTS

Stage 1

Socially Disadvantaged Farmers and Ranchers

There is a tremendous lack of knowledge or understanding among the sampled minority population. A majority (87%) of these farmers considered “socially disadvantage” to be

synonymous with disability, poverty, or people on governmental assistance (e.g., Social Security, Medicare, Medicaid, etc). Eleven percent of the respondents correctly identified the official definition of “socially disadvantaged farmer or rancher.” The lack of understanding appears to be one of the reasons minority farmers think that agricultural programs for “socially disadvantaged farmers and ranchers” do not apply to them. Most of the farmers sampled believed that the expression is derogatory and they did not want to be “labeled” as such.

Cumbersome Application Process

An overwhelming majority (98%) of respondents reported that the application processes to apply for government agricultural programs were too cumbersome and confusing. A majority of the survey respondents expressed frustration and discontent about their experience with the application processes, citing more customer friendly loan applications process in the commercial banks.

Inadequate Communication/Marketing/Outreach Efforts

Respondents reported lack of awareness about many of the programs targeted at minorities and blamed lack of communication between agencies and the groups who needed the services. Inadequate outreach efforts were also cited as one of the major factors limiting the participation of minority farmers and landowners in government agricultural programs. In addition, they expressed disappointment in the poor customer service of government agency staff as one of the major obstacles for an increased participation of minorities in government agricultural programs. Some of the respondents reported receiving conflicting information from some of the government agencies administering the programs.

Lack of Technical Know-How

The respondents stated that they lacked the technical knowledge on how to access information about the programs from online sources, as well as a confusion completing applications. Respondents also expressed a lack of knowledge about farm management and farm transition arrangements (estate planning).

Lack of Trust

Respondents expressed distrust of government officials and programs because of past unpleasant experiences and disappointments. A majority of the respondents stated they participated in several white elephant programs in the past that “amounted to nothing.” They also expressed wariness about similar government programs that promise help and assistance to minorities. Others stated experiencing discrimination based on economic status and/or race-ethnicity.

Rural-Urban Migration

Rural-urban migration of youth in rural communities is also identified as one of the challenges limiting the participation of minorities in government agricultural programs. Sixty-

eight percent of respondents reported a lack of willingness of children to take over their agricultural enterprises was a major factor they considered in deciding whether or not they should continue farming. Focus group participants stated that attractions in big cities and urban areas for youth in search of better and more glamorous jobs decimate the workforce from rural communities.

Stage 2

As follow-up to the finding in stage one, a hands-on workshop was organized for fifteen minority farmers who had not participated in any USDA agricultural programs. Topics covered in the workshop included: (a) “how to participate in USDA programs”; (b) “farm loan programs”; (c) “farm insurance programs”; and, (d) “record keeping.”

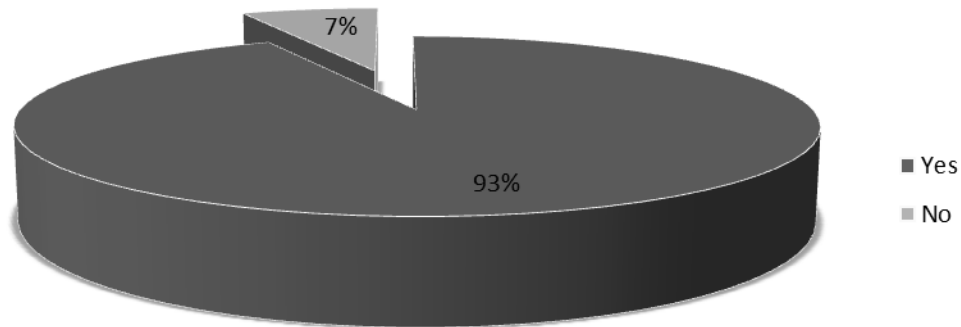


Figure 1. Did workshop provide you with the opportunity to learn about USDA programs? Note: An overwhelming majority of respondents (93%) reported that the workshop provided them with an opportunity to learn more about USDA programs.

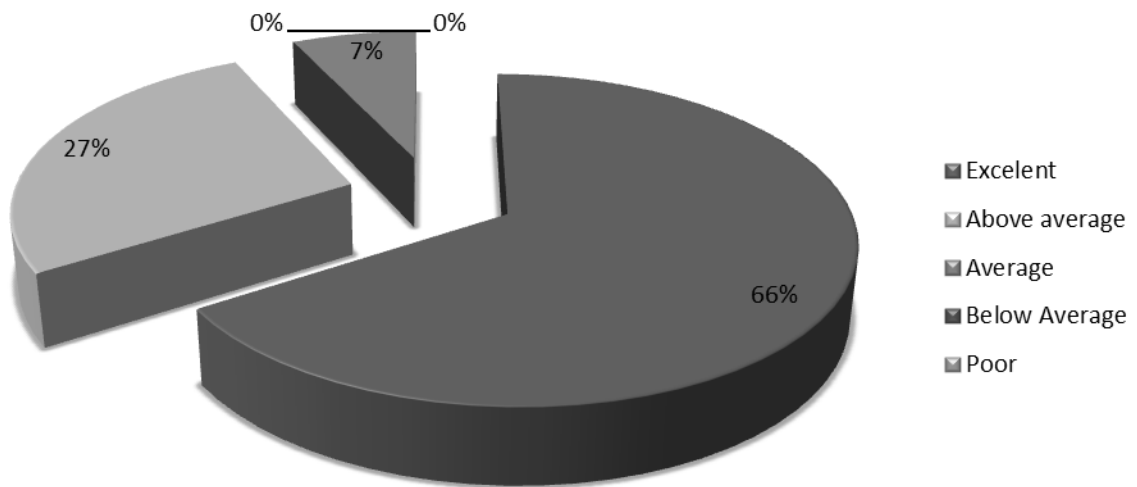


Figure 2. Rate the usefulness of this workshop to you. Note: All of the participants rated the usefulness of the workshop as average to excellent (66%).

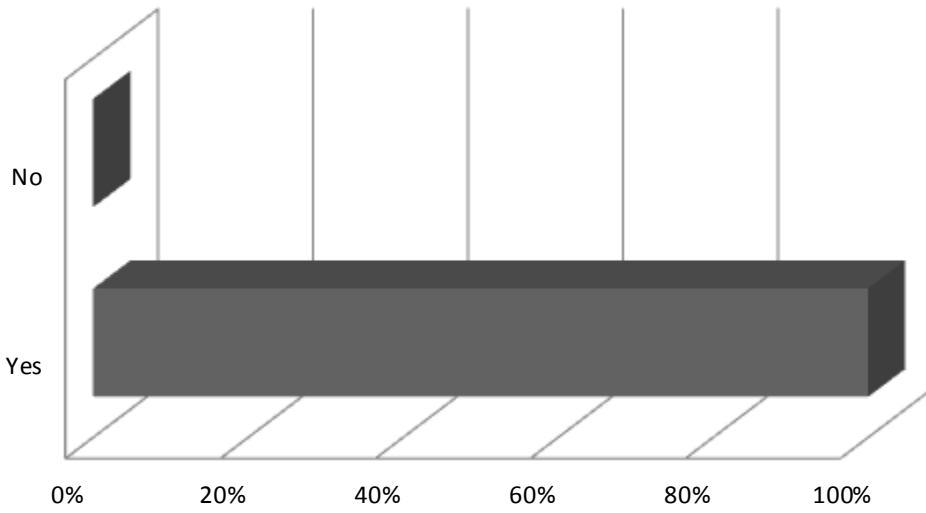


Figure 3. Did the workshop increase your knowledge on how to participate in USDA program? Note: All of the participants reported that the workshop increased their knowledge on how to participate in USDA programs.

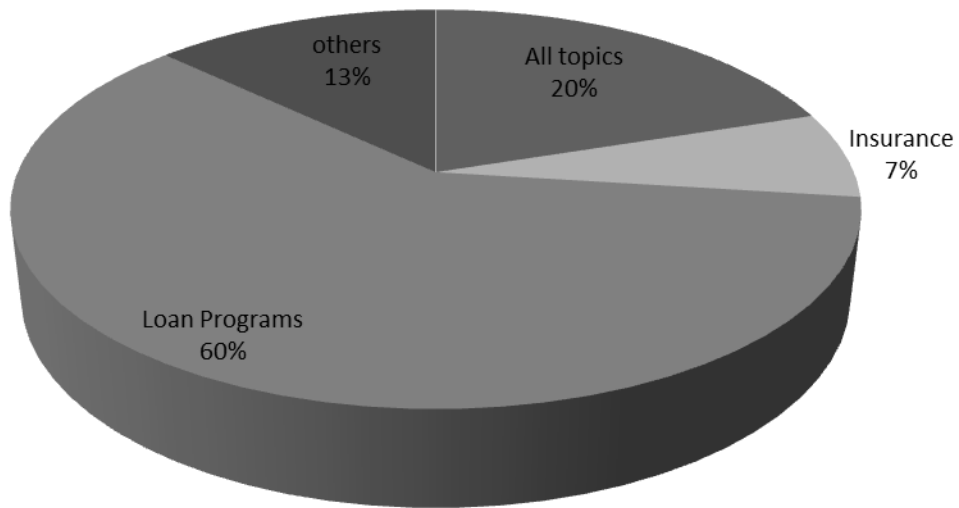


Figure 4. Topics participants found relevant. Note: A majority (60%) of workshop participants stated that Farm Loan programs presentation was the most relevant topic.

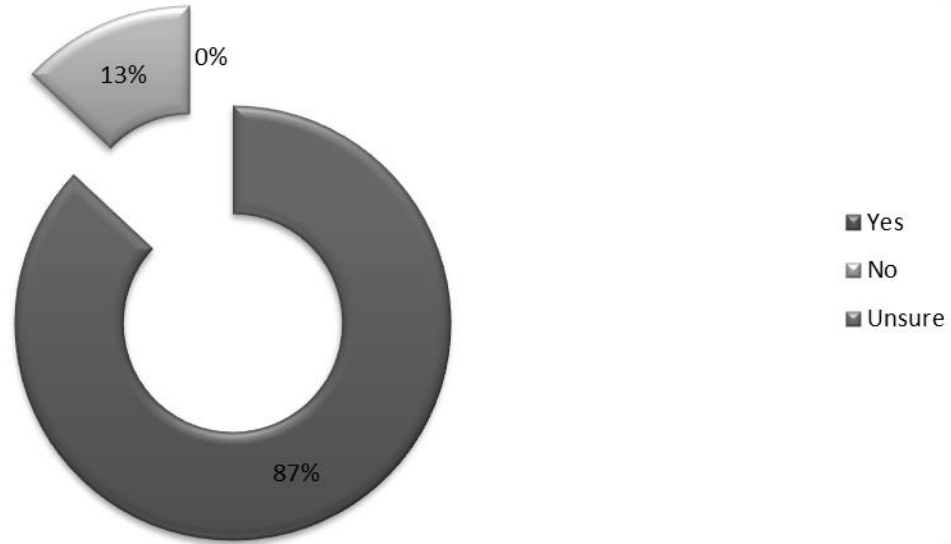


Figure 5. This graph represents the number of participants who are sure that they will be involved any of the programs discussed in the workshop. A vast majority (87%) indicated their readiness to participate in some of the programs discussed.

Overall, all of the participants (100%) indicated a willingness to participate in future workshops. This suggests that, apart from finding the workshop useful, they are likely to be willing to participate in other programs presented to them through workshops.

DISCUSSION

A major finding of this study includes the need for strong outreach and a technical assistance program in rural communities to enlighten the minority population at large about specific programs developed to assist socially disadvantaged groups. Public Land-Grant institutions have a significant role to play in this regard. Some of these institutions will need to evaluate and revamp existing outreach programs to meet the needs of minority farmers. For instance, with a growing Hispanic population in U.S. agriculture, considerable effort should be made to work with local leaders and non-profit organizations to reach and enlighten the Hispanic population. Similar efforts should be employed for African American farmers through faith-based organizations.

Furthermore, public higher education institutions can provide free or low cost technical assistance to farmers. A key strategy that appears to have worked effectively in the past is delivering workshops for minority farmers and ranchers with one-on-one, hands-on training to help them to develop valuable skills that they can use immediately.

Revising the “socially disadvantaged farmers and ranchers” expression may also need to be considered by policy makers. Findings from the present study suggest that revision to expressions like “historically underserved” or “socially underserved” could be one of the changes needed to increase the level of participation of the target groups, particularly African Americans, in government agricultural programs. Such increases in participation can enhance their productive capabilities in their local communities.

Recommendations for Policy, Practice & Future Research

With the increasing global food demand and the decreasing and aging population of labor force engaged in agriculture, all resources will be required to meet the growing need. The current state of affairs presents tremendous opportunities for African Americans. Therefore, important for minorities, and African Americans in particular, to take advantage of available government programs to support productive enterprises in food production. Poverty and unemployment rates among African Americans are highest in the nation. In addition, black families continue to find it difficult to hold on to family farms. This limits their abilities to be productive in their communities and position themselves as productive citizens. Local leaders could play a useful role in encouraging the youth and the unemployed to consider opportunities in the agribusiness industry.

It is also important that 1890 land-grant institutions revamp their outreach and technical assistance programs to more actively promote the participation of African Americans in USDA programs. Concerted effort should be made to work closely with USDA agencies in engaging and promoting agriculture as early as middle or high school to build a new generation of farmers; this will equip them to take over existing agribusiness operations from their parents or establish new viable ones. Further studies can identify and examine viable agri-business enterprises for African Americans. The role of mentors in helping prospective agribusiness entrepreneurs start and develop viable enterprises could also be examined.

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