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The future of the family farm in the changing structure of agriculture is currently receiving public attention. Farm structure in this context refers to number and size of farms, ownership and control of resources, managerial technology, and farm capital requirements. With trends toward fewer and larger farms, specialization in production, and more dependence on the non-farm sector, more attention is being given to the consequences of the changing structure of agriculture.

Efficiency gains, associated with larger and more integrated farm operations, vary with type of farm. In crop production it is believed that a family farm with less than 1.5 man-years of hired labor can be as efficient as larger scale farms. However, larger farms may have advantages in purchasing inputs and in marketing. As farms become larger, adverse effects of the concentration of land ownership and control of decisions from production through marketing may arise.

Social concerns in the farm structure revolve around the merits of the family farm as a cultural institution, importance of land ownership, and impacts of farm numbers and increased size on rural communities. The weight placed on social values has an impact on farm policy legislation and the future structure of agriculture.

Nationally, between 1950 and 1978, the number of farms declined by 50 percent. During the same period, South Dakota farm numbers declined from about 66,500 to 39,700 or by only 40 percent. South Dakota's decline in farm numbers has slowed from an annual rate of 1,200 in the fifties to about 500 now. Average size of farm in South Dakota increased from 674 acres in 1950 to 1,124 acres in 1978.

Modern farms may be roughly divided into three groups--family farms, larger than family farms, and industrial farms. Ninety percent of all U.S. farms are family farms. They account for 65 percent of farm receipts. The other two groups account for only 10 percent of the farms and 35 percent of farm receipts.

Type of Farm	Percent of all Farms	Percent of Farm Receipts
Family Farms	90	65
Larger Farms	8	20
Industrialized	2	15

Most legislation affecting farmers was enacted in the interest of family farmers. However, that legislation often had the opposite effect because of basic American values favoring equal treatment for all and a lack of agreement as to what constitutes a family farm as a matter of policy.

Seven general policy alternatives might be used to affect the role of family farms in U.S. agriculture. A free market economy without any government price, income, and production control programs is one that has been suggested. Such a free market plan would result in lower and more variable farm prices and incomes. Larger than family farms and industrialized farms would likely be better able to withstand free market forces than family farms.

Directing more of the farm program dollar benefits to family farms would provide such operations with higher net income relative to larger than family farms so that they would be better able to bid for resources. This plan could result in adverse effects on overall allocation of resources and efficiency of production which would make for higher cost of production per unit.

Three alternatives that have been suggested to restrict farm size expansion are removal of some of the present tax preferences, tighter controls on entry into agriculture by non-farmers, and anti-integration legislation.

Special emphasis on agricultural cooperatives with only family farmers eligible to participate has also been proposed. Under this proposal some think smaller farms would be more able to effectively compete with integrated operations.

Most government services have been provided to farmers on a first come and first serve basis. If these services were limited to family farms one would need to carefully consider the effects on the farming sector. The rate of technological advance in agriculture would likely be reduced and thus food costs would rise and the U.S.'s competitive international position would be weakened.

For those interested in farm structure, this discussion suggests two important conclusions. First, history reveals the need to analyze farm policies to predict structural consequences and to avoid unintended or undesired consequences. Second, policies to promote desired structural change are possible but a consideration of trade-offs in the form of reduced technological innovations, higher unit production costs and higher product prices is important.

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