

Family Farms vs. Farm Corporations

It seems there is always a debate about how corporations are involved in farming. People generally don't like farm corporations and prefer family farms. The concerns are usually shaped around these types of comments:

"Family farms take care of their animals, corporations do not."

"Smaller farms are better."

"Only buy from local family farms."

"Farm Corporations are reckless and will do anything to make profits, even at an animal's or environmental expense."

Through conversations I have with others about what we do on our farm, I constantly hear, "*Well, I am sure **you** take care of your animals, but I know farm corporations do not.*" The bottom line is many people absolutely despise farm corporations because of what they perceive they are.

Uncaring, reckless and greedy,

And even though I try to explain to them that even though we are a family farm, we are also a **farm corporation**. They either don't believe me or completely ignore me. It's like they don't want to hear anything contrary to their beliefs or don't understand how a family farm can possibly be a farm corporation. Simply, a family farm does not fit their definition of a farm corporation. So let's take a deeper look into the issue of the "Family Farms vs. Farm Corporations" debate:

The fact is the vast majority of farm corporations are *family farms*. USDA classifies family farms as "any farm organized as sole proprietorship, partnership or family corporation." And therein lies the confusion. Many farm corporations are family farms. **96% of all farms in the U.S. are owned by families.**

Farm corporations come in all sizes. Our family farm corporation is considered a small farm. Our "corporation" has two stockholders--my husband and I. We have one full-time employee employed by our corporation. In addition to our corporation, we are also a stockholder in another local sow farm corporation (the farm our weaned pigs are born). The sow farm is owned by us and about another 12 local farmers. For an outsider, it is easy to assume that "corporations from the big city" own these farms because they see farm "corporate" names such as ours in the picture. But it's just us.

Why did we incorporate?

It's all about the business structure. Even though we are a family farm, we are also a business and there are some business advantages to incorporating. Being a family farm and a business is a very unique and special relationship. It was not an easy decision for us -- it took a lot of time, thought and analysis. But in the end, it was our choice to incorporate. It doesn't work for everyone. And this is what I love about farming. **Farmers can choose what works best for them, whether it is the business structure, the size of their farm, the way they raise their animals or farm their land. They do what they believe in, know, and love.**

What business advantages are there to incorporate?

One advantage is a family corporate farm can continue seamlessly if another family member decides they want to enter the farming business, exit the business or if there is a death of a stockholder. At the time of incorporation, we didn't know the future of our farm, but we knew we wanted the flexibility of continuity and thought incorporating gave us the reassurance. Another business advantage is additional business deductions that are available to farm corporations that sole proprietors are not allowed. Incorporating allowed us more **business efficiencies**.

What other changes happened as the result of incorporation?

The day after we incorporated, **NOTHING** changed on our farm in regards to day-to-day activities. The pigs were still fed and taken care of, the land is still planted and harvested. Where things did change was in the farm office. Going to be honest here - we have a lot of additional bookwork because of the corporation. But, for us, we felt the **advantages outweighed the disadvantages**. And we have no regrets and are glad we incorporated.

For additional information:

[Top 5 Myths of Farm Corporations](#)