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Latino Farmers in Missouri: Risks, Services, and Implications for Extension

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Abstract: Latinos are the fastest growing ethnic group of farm owner/operators in Missouri and the United States. Their lives as farmers demonstrate a familiar and inspiring story: the pursuit of the American dream. We examine the growing reality of Latino-owned farms in Missouri through four in-depth personal interviews with Latino dairy and cattle producers to assess their situation and the challenges they face when entering and operating a farm. The interviews covered their farming operations, risk tolerance, access to financial services, and use of other services. Based on our findings, we offer recommendations for Extension on working with them.

Latino Farm Owners in Missouri

Latino farms nationwide increased from 33,450 to 50,592, or about 51%, between 1997 and 2002, and the land in Latino farms went up from roughly 4 million acres to 20.7 million acres (US Census of Agriculture, 2002). In Missouri, there was an almost 39% increase in farms operated by Latinos (from 508 to 703) between 1997 and 2002; the number of Latino farmers increased to 1,035 if up to three farm operators are counted (US Census of Agriculture 2002). The trend is consistent throughout the country despite the likelihood that Latino farmers may be undercounted due to their limited use of federal services such as the Farm Service Agency, the Natural Resource Conservation Service, and others and their relative unawareness of the Agricultural Census (Garcia & Marinez, 2005).

Just as the phenomenon of Latino farmers is evolving and growing rapidly, the terminology used to describe this farming group is also changing. This article uses the term "Latino" the majority of the time, but other used terms include "Hispanic," "Mexican," and "Mexican-American. All those terms refer to farmers mostly with roots in Mexico." The Census of Agriculture does not break down the "Latino/Hispanic farmer" category in national origins, but it is widely believed that the vast majority of Latino farmers have a Mexican background. These occasional "switching" terms are based mostly on the terminology used by the author being cited.

Wells (1991) found that Mexican farmers rarely apply to a commercial bank and use few if any marketing companies and other commercial services for their sources of information, relying much more on field men, sales agents of agricultural inputs, and their own experience. Moreover, Mountjoy, cited by Dismukes, Harwood, and Bentley (1997), reports that "only 10 percent of the Mexican farmers reported attending any Extension event compared with 75 and 45 percent of Anglo and Japanese growers, respectively . . . the Mexican community has learned to rely on its own members for farming innovation" (19). Latino farmers depend less on governmental or private financial institutions, which helped them endure the debt crises that impacted other small farmers (Hoffman, 2005). Latino farms are truly family enterprises in which all capable members are involved in operating the farm.

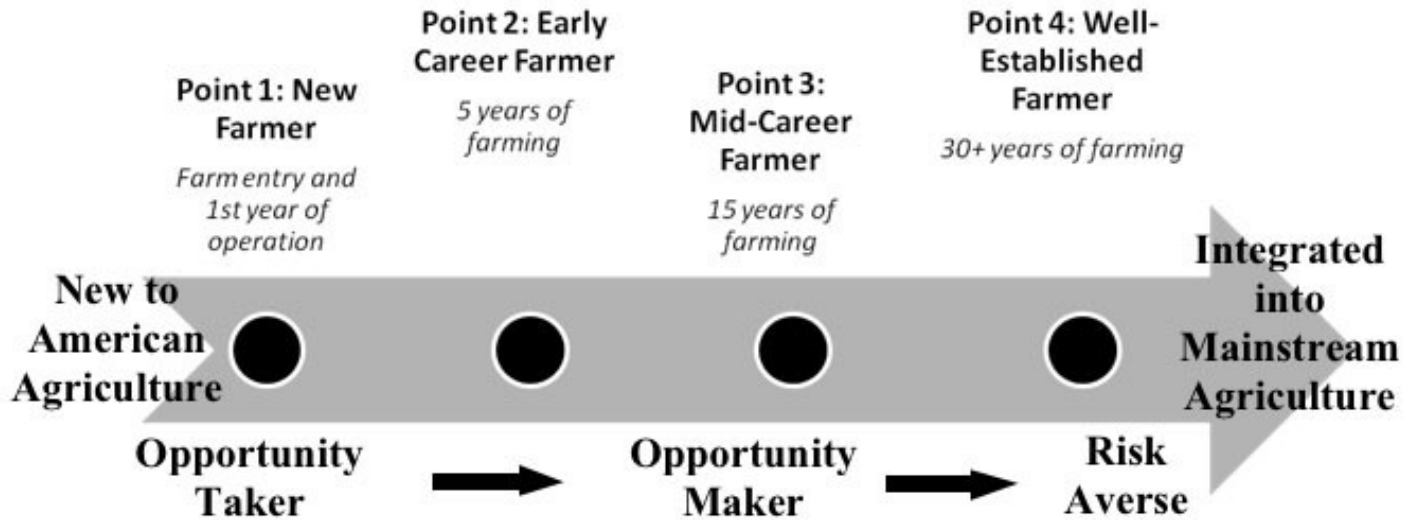
Many Latino farmers in Missouri started as workers on American farms or in food processing plants or as small restaurant owners, taxi drivers, construction workers, or professionals. Despite these varied backgrounds, however, they are now, in increasing numbers, owners and operators of family farms. What accounts for the successful transition into farm proprietorship among Latinos in rural areas?

Latino farmers have a familiar story in the US-immigrant families pursuing the American Dream. Those farmers, in particular those with less time in the farming business, tend to emphasize opportunities rather than risk, which may explain why they become farmers, sometimes against high odds. While their lack of reliance on government agriculture programs may be a factor in their independence and success in one regard, it may also point to agencies not meeting the needs of minority farmers. Dismukes et al. (1997) claim that, besides unawareness, farming specialty crops and raising livestock are important reasons for not using risk-management tools. On the other hand, Ngathou, Bukanya, and Chembezi (2006), looking at ethnicity, among various variables, did not find a correlation to risk management among small and limited-resource farmers. Research on risk management by minority farmers is barely available, and research on attitudes toward opportunities among Latino farmers is even scarcer.

Exploring the Farmers' Experiences and Needs Through In-Depth Interviews

We conducted in-depth interviews with three Latino dairy farm owners in southwest and south central Missouri and a Latino cattle producer in north Missouri in order to understand their operations and challenges. These livestock producers were chosen for the capital-intensive nature of their operations and represent four points on a "Farm-life continuum" (figure 1), which is a model that we developed to show the milestones of Latino farmers in their integration journey.

Figure 1.
Missouri Latino Farm-Life Continuum



- The first point on the continuum is the entry point, or the first year of operation.
- The second point in the continuum is the 5-year mark of running a farm.
- The third point on the continuum is represented by a farm family in their 15th year of farming.
- The fourth point is 30 or more years of farming.

During the in-depth interviews, we explored:

- Farming operations,
- Farmers' risk tolerance,
- Farmers' experience with financial services, and
- Farmers' use of non-financial services.

At the time of the interviews in October 2005, all three dairy farmers were producing milk and selling it to a cooperative, the only marketing venue available for dairy farmers in the region. The fourth Latino farmer, a cattle farmer, was interviewed in March 2006.

The farmers interviewed had varied paths into farming in Missouri. Three of them were originally from Mexico, where they lived on small farms. They migrated to Chicago at different times and took any available job, from school janitors to line workers in factories; family members worked additional weekends and evening jobs to increase income. The fourth farmer was originally from Argentina and came directly to rural Missouri to manage a farm in north central Missouri. The

farmers' previous experience with farming also varied, from having a family cow and vegetable garden in Mexico to managing a large cattle operation in Argentina. However, their motivations for farming in Missouri were strong and similar—for all, independence was an important theme. One family member in an interview said that "we want to be our own boss," and another farmer pointed out that "we were tired of working for somebody else."

Farming Operations

Farm Family One was the newest family to Missouri and is situated at the first point on the farm-life continuum. They purchased their 40-acre farm and moved to Missouri from Chicago in fall 2005. At the time of the interview, they were updating their milk house and milking parlor and preparing to milk their first 21 cows within the upcoming week. Many of the cows were obtained from Farm Family Three, the longest established Latino dairy farm family interviewed. This family included a husband and wife team and their two young children, as well as the husband's younger brother and his family. The younger brother, after a short period of time on the farm, decided to return to Chicago. The labor for the farm was provided by the family. They were interested in adding cows and were planning to make some improvements in their cow barns.

Farm Family Two, representing the second point on the continuum, had been farming in Missouri for 5 years. They owned 311 acres and milked between 50 and 55 cows. This farm included a nephew and uncle, and their wives. They occasionally hired outside labor on a seasonal basis for haying and other high-demand activities. Their older children are not involved in the farming operation. Their farm goals included expanding their operation to 60-80 cows, focusing on herd health, and improving their forage production to include alfalfa.

Farm Family Three had been farming in Missouri for 19 years and represents the third point on the continuum. They owned 120 acres and rented between 80-300 acres, depending on their need for feed. At the time of the interview, their herd included 150 dairy cows in a grass-based operation. In a move virtually unheard of in the dairy business, they had recently sold and/or temporarily moved their cows to other farms in order to travel back to Mexico for an extended vacation. The labor for this farm was provided by the husband and wife, with one person previously hired to do the milking. At the time of the interview, this family wanted to expand their dairy operation to include more cows, possibly up to 250 head. However, since the interview, the family has transitioned into beef production due to difficulties finding labor.

The final point of the farm-life continuum is represented by *Farm Family Four*. They moved to Missouri 31 years ago to manage a farm purchased by the owners of a pot-and-pan manufacturing company in Argentina. The husband worked as a farm manager for the company in Argentina. The family owned 500 acres and 150 cow-calf units and managed a total of 4,500 acres and 1,300 cow-calf units. The labor on the farm was provided by a father-son team and one hired person. They sold their calves at the local sale barn.

Risk Tolerance

Risk aversion and risk management planning are serious aspects in mainstream farming culture. The availability of a wide range of insurance plans and risk management education and services is one indication that risk is a major consideration in farming decisions. Many mainstream farmers in Missouri tend to see agriculture from a risk-management perspective, whereas Latino farmers (particularly those in an early stage in the continuum) seem more inclined to see agriculture from the opportunity and risk-taking standpoint.

Perceptions of risk among the four producers varied based on their stage in farming. As might be expected, Farm Family Four, which was the most integrated into the mainstream farming culture with 31 years of Missouri farming, was the least risk tolerant. At the interview, the family "would like for the farm to stay like it is." They had been farming here for so many years and were doing "just fine." The husband in the family commented more than once during the interview that he did not like change.

In contrast, the three dairy farmers with 1 to 19 years of farming experience were more focused on production and less on risks. Unlike many of their long-established dairy farming neighbors, none of the dairy farm families interviewed utilized off-farm employment at the interview point as a means to reduce price risk.

A great example of their risk tolerance is illustrated by the farm entry story from Farm Family Two. The relative who was dairy farming in Missouri had been encouraging them to start dairying in Missouri for 10 years. During the 10-year period, members of Farm Family Two were working in a factory in Chicago. One told his relative, "I don't want to have anything to do with agriculture, because of my experience [with farming] in Mexico." However, after visiting their relative during Memorial Day weekend in 1999, Farm Family Two decided they would buy a farm in Missouri. The husband and wife explained that the peaceful and safe environment for the family and the affordability of rural Missouri were important factors in their decision to leave Chicago for rural Missouri. They took magazines with real estate listings to Chicago, found a farm, negotiated its purchase over the phone, and moved to Missouri in November of that year.

They started milking cows in February 2000, amid the lowest milk prices ever endured by US dairy producers. It was a time when numerous long-time dairy farm families were exiting the business. While searching for a farm to buy, people approached them and said, "What are you thinking? Are you crazy?!? Why do you want to farm?" Undaunted by the tremendous odds against succeeding in the dairy business, one family member replied, "I want to farm. I don't care [that prices are low and I don't have any experience with commercial dairying]. I'm going to try to make it." He believed he was able to take that risk because of his background. "When we came from Mexico, we had nothing. So if we lose everything, it's no big deal."

Financial Services

Interaction with the financial services sector can be seen as one indicator of a Latino farm family's integration into mainstream agriculture. Farm Family One came to Missouri to buy a farm with a 35% down payment. They sought financing from Farm Credit Services (FCS) for the farm they wished to buy, but FCS believed that the price was too high and the family experience in dairy farming was too little. A commercial bank in the area was willing to finance the farm at the asking price, since the family had a significant down payment. "They [FCS] did not approve my loan, so I went to another bank and they gave me my loan." The loan was for the purchase of the farm alone; they were using \$34,000 of their own savings to buy cows and fix the milking parlor.

Farm Family Two also found their experience with lending institutions somewhat difficult. They were referred to FCS by their real estate agent. Though they had a 50% down payment, they were turned down for a loan by FCS, again because they lacked farming experience in the US. They were declined by another bank but the third bank they approached approved them. However, this family was frustrated with the variable interest on their loan. "I do not understand why my payments now change every month because I always had a fixed payment," the family explained. This family was willing to consider Farm Credit again provided the interest rate was lower than at the private bank.

Farm Family Three began 19 years ago with 5 to 10% of the farm purchase price saved as a down payment. They originally approached the Farmers Home Administration (FmHA) for a purchase loan. They found the process with FmHA to be slow and tedious, which led them to pursue a 15-year loan from a local private bank. They were very happy with the bank that held the first loan, but eventually refinanced with FmHA (now Farm Service Agency or FSA) for a lower interest rate. This family found FSA "pretty helpful," though slow, but commented that FSA took the time to explain everything about the loan. When asked about financial services they would like to access in the future, the family was not aware of other services but wanted to know about those. One family member commented, "I'm happy [with FSA right now]. I'm just a person who likes to work hard. I take anything that helps me help myself."

The majority of Farm Family Four's farm was purchased by the Argentine company. When they arrived they paid cash for 80 acres in order to have a house and some land of their own. During the farm crisis of the 1980s, they financed the purchase of an additional 420 acres from FmHA. They were satisfied with both their earlier experience with FmHA and

with the two private banks they currently use.

Access to Other Services

The farmers interviewed varied in their awareness of governmental and non-profit services offered to farmers and showed increasing awareness and participation in agricultural sector services with the number of years they had farmed. All farmers interviewed relied on for-profit entities, banks, feed dealers, vets, livestock input suppliers, insurance salesmen, and processors for a significant portion of their production-related information. Farm Family 1 relied significantly on information from the previous owner.

The farmers were asked about using services from the following entities: University of Missouri Extension, Missouri Department of Agriculture (MDA), Risk Management Agency, Federal grant programs, Natural Resource Conservation Service (NRCS), FSA, and non-governmental organizations. With the exception of the federal dairy subsidy program (which they learned about through their milk processor), the dairy farmers were generally not aware of the services provided by these agencies. Farm Family One was not aware of any of these services. Farm Family Three had utilized NRCS for water-quality issues and putting up fences for their grazing operation. In contrast, Farm Family Four was well integrated into the farming community at large and utilized government and private-sector services such as Farm Bureau, FSA, NRCS, MDA, and Extension. Moreover, this family served in FFA programs.

Recommendations

The interviews conducted with four Latino farmers could assist Extension educators to better understand their operations and challenges, and identify potential programming for Latino farmers.

The in-depth interviews showed a growing desire among Latinos to capture the American Dream through farming. One of the farmers expressed his satisfaction living in the US. "I am fine here, I work hard but I receive rewards for my hard work." The farmers represent the stories of hard work, sacrifice, tenacity, perseverance, resilience, and willingness to take risks. However, Latino farmers do not seem to have received services and assistance that other farmers enjoy. Only recently have Latino farmers begun to emerge as an issue and a population that needs more attention.

Extension has the opportunity to assist these farmers in capturing their personal version of the American Dream. A call for a change in the Rural Paradigm for better serving Latinos has been already urged in past years (Viramontez & Kawamoto, 2003). Although we are cognitive that Latino and other immigrant and minority farmers have overlapping entrepreneurial and cultural values, we offer these recommendations to Extension for working with Latino farmers.

- Extension, to properly serve the Latino farm population, needs to include small, sustainable, alternative farming systems in their programs and/or modify existing ones to better meet the needs of Latino farmers.
- Latino farmers are more inclined to seek opportunity than to measure risks. Thus, when designing or implementing programs and activities, the opportunity factor should be a clear focus without decreasing the importance of risk management.
- Extension systems should provide their field educators opportunities to acquire skills in cross-cultural interactions to work effectively with Latino farmers.
- Extension and state and federal agencies in the loan/financial area should partner to provide education on the different types of loans and implications for borrowers.

- The dairy farmers indicated that one person from University of Missouri Extension was their first contact with the entire Extension system. This was an individual effort rather than an institutional one to reach out to Latino farmers. Extension can serve as a model to deliver services to this growing population, if it commits resources and support on a long-term basis.

Conclusion

Many mainstream farmers are growing older and leaving farming, and their children do not have an interest in taking over the farm as in the past. This trend could further undermine farm and rural communities. The interest of Latinos in farming provides an opportunity to stem this trend. As this research shows, Latinos are more likely to see opportunities in farming—the opportunity to be one's own boss, the opportunity to own one's own living, the opportunity to have a better life than in their home country—rather than risks. This spirit should be fostered rather than ignored by Extension and other agencies serving farmers as a new and dynamic phase of community development.

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