From Goldschmidt to Globalization: The Southern Model and Rural Development

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Presidential Address: From Goldschmidt to Globalization: The Southern Model and Rural Development

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I’m honored to be here sharing some thoughts with you. I’ve been attending SRSA meetings since 1989 where I gave my second paper, co-authored with Bill Heffernan, on corporate concentration in the agri-food industries. Bill’s specialty is poultry, and I learned a lot about the social and economic organization of the poultry industry and the extension of the poultry model into other agri-food systems. What was most interesting to me was the change in the social organization of the poultry model as it transformed from egg money to vertical integration. There was on an old chicken coop on my grandparent’s farm. My grandma used to talk about egg money.

I grew up in the Army with rural parents who grew up on the edge of the Ozarks in Missouri. Missouri was a border state during the Civil War, part of it is still called “Little Dixie”. Today it is still a border state between the great forests of the East and the great plains of the West and the rich farm lands of Iowa in the North and the Ozark Plateau in the South. My father was a town boy that joined the Army in 1950 as part of the rural out-migration. My mom was a school teacher from a rocky Ozark farm. My paternal grandfather was a rural postman that loved to hunt and fish; I rode with him sometimes. People on his route would leave him cakes and cookies at Christmas. He would check in on the older folks. My paternal grandmother worked as an office clerk until she had children, did not drive, played the piano, sang to canaries, and made me cinnamon and sugar cookies. These grandparents lived in Warsaw (pop. 1052), the county seat of Benton County – they were the “town grandparents”. My maternal grandparents were Ozark ridge-land farmers in the same county. They lived off the land – hunting and fishing, big garden, sweet corn, melons, chickens, and a dairy early in their lives. Later they ran polled Herefords and operated restaurants at motels for the Lake of the Ozarks tourist industry. Granddad
was a very good shot; high status in the country. One of my fondest memories of childhood was Granddad waking me up early in the morning to go run the trotline. I got to drive the boat in the river mist. I remember his concern about the changes in the river as we caught fewer catfish and more gar. Grandma could split rails, build fence, pull calves and made a great cobbler, and oh, the scratch biscuits with gravy, quail, catfish with fried potatoes and onions, and greens and grits and divinity and fudge. They were the "country grandparents". As much as possible, summers and holidays were spent at the farm, with extended visits in town. This was my identification of home and community, with a cosmopolitan twist from my Army travels. As I get older, I feel more strongly that something precious is being lost – something particular to that rural way of life. I feel Tonnien as opposed to Durkheimian.

My coming to age was a troubled time in this country. When I graduated high school in 1971, my father was an Army colonel flying Huey Cobras in Vietnam on his second tour of duty. I had a draft number, was playing Crosby, Stills, Nash and Young and growing my hair; lots of other people were doing the same thing. We lived in Germany during the Cold War, my father was in Korea fighting communism when I was born, and as a teenager we lived in Ethiopia in the last days of Haile Selassie. Ethiopia was especially interesting, the poverty and the privilege. I went to college at the University of Missouri in Columbia, two hours from my grandparents. I got my first degree in Forest Management 1976 but I was much more interested in protecting the forest than growing pines like corn on 25 year rotations in the South or cutting the last of the old growth in the West. I was to a large degree, a product of my time, an environmentalist. I got my second degree in Community Development in 1984 but I did not embrace the pluralist theoretical bent. I worked for two semesters on a field internship with Paul Lutz, Community Development Extension Agent, doing economic base analysis and community attitude surveys. Many of the communities we worked in were controlled by cliques of politicians and business people. I was much more interested in intentional communities than helping rural communities develop industrial parks, compete for enterprise zone status against similarly desperate communities, court flighty corporations that demanded economic incentives, and/or create short lived Economic Development offices.
I got my M.S. degree in Community Development, but I was terrible at it.

In 1985 I went back to school and took a graduate class in Rural Sociology from Daryl Hobbs. I liked the class but I especially liked all the different kinds of people in the class. This time period was towards the end of the Cold War. There were students from numerous friendly, and some not so friendly, countries. Talking to these students helped me frame my life in the Army. Max Mmuyu from Tanzania, Ablo Bah from Guinea, Hooshang Pazaki from Iran, Noel Gonzalez from Nicaragua, Nkonge Mbabu from Kenya, Jit Gurung from Nepal, Helgi Gunlaugsson from Iceland, Fathi Solomon from Egypt, Joe Kibirige from Nigeria, Young Min Sun from Korea, Simon Geletta from Ethiopia, Sri and Pradtana from Thailand, Parvin from Iran, Munir from Pakistan, and many others taught me how the world system worked. They taught me about colonialism, neo-colonialism, and imperialism. Their stories, though culturally nuanced, were disturbingly similar. Most of them thought that they had been sent to the United States to learn the U.S. way of development and diffuse this innovation back in their home country. Some were happy to do so, many were very reluctant. There seemed to be more students aligned with the “dependistas” than the “modernizationists.” From their view, for a long time the “North” had exploited the “South,” and continued to do so. I met my wife there. We got married, had our son, and completed our dissertations while graduate students. The Sociology Building is boarded up now. Fiscal austerity and the decline of rural sociology – death by attrition; professors retire and new ones are not hired.

One day I was in the hall after class when the Chair, Rex Campbell, asked me if I was interested in a Graduate Research Assistantship. After a short discussion on duties and pay, I said “yes.” Rex said I would need to become an official rural sociology graduate student. I said “ok.” I was on my way to a PhD. At first I worked for Rex. He is a demographer with a specialty in teaching leadership. For Rex, I tracked the rise, leveling off, and decline in number of farm sales and chattel sales for selected agricultural counties during the farm crisis. Rex then traded me to Bill Heffernan. I had heard Bill giving talks about the rationalization of the poultry industry (Heffernan 1984). He talked about how the goal was the “least input for the most output.” I thought that capitalism treated humans
the same way. I was a perfect fit for sociology in general, and rural sociology in particular. I worked for him tracking the mergers and acquisitions in the poultry industry. What we found was a more generalized trend towards economic concentration in the agri-food industries, often following the poultry model, vertical integration (Constance and Heffernan 1991). Not only was there consolidation at the national level, but many of the same firms were expanding at the global level (Heffernan and Constance 1994). Tyson, after buying IBP recently, is the largest meat firm in the world. ConAgra is not far behind in meat, and larger overall. Cargill remains a dominant player both nationally and globally. Through mergers and acquisitions, the firms became fewer and bigger and more powerful (see Heffernan 2000; Heffernan and Hendrickson 2002).

The late 1980s was an interesting time in Rural Sociology. Adoption/diffusion studies were in decline. The “Agrarian Question” was a central topic of discussion: How does capitalism take hold of agriculture? The Sociology of Agriculture and the Political Economy of Agriculture were the hot topics at meetings and in the journals (see Buttel and Newby 1980; Friedland et al. 1991). We talked about “dual agriculture systems” and the “disappearing middle”. A central discussion was the community impacts of the industrialization of agriculture regarding rural quality of life. Walter Goldschmidt had been rediscovered, as had the works of Kaustky and Chayanov (see Bonanno et al. 1994; Buttel and Newby 1980; Friedland et al. 1991; Goldschmidt 1947; McMichael 1994). The “Environmental Question” followed in the early 1990s (see Bonnano and Constance 1996; Buttel 1996; Vanclay and Lawrence 1995) and the “Food Question” in the late 1990s (see Bonanno and Constance 2001; Goodman and Watts 1997; Magdoff, Foster and Buttel 2000).

As part of my classes and work with Bill Heffernan, it became clear to us and to others that the Farm/Debt Crisis in the United States was largely the result of the circulation of OPEC petrodollars through the global “development project” a la Phil McMichael (see Friedmann and McMichael 1989; McMichael 1996). OPEC petrodollars were deposited in global banks and then loaned to developing countries to modernize. Often these monies were spent on U.S. food commodities to feed swelling urban population and also spent on U.S. machinery for industrialization. In the

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late 1970s and early 1980s this money dried up. The U.S. FED increased interest rates. Many of the best younger, progressive farmers in Missouri went out of business because they were born at the wrong time, graduated from Mizzou Ag College at the wrong time, and expanded the family farm, at the advice of their banker, and often their Extension Agent, at the wrong time. In the language of C. Wright Mills and the Sociological Imagination, their lives intersected history at an inopportune moment. Land values were inflated. Farmers became paper millionaires. The home farm was leveraged to buy more land and bigger equipment to feed the world. The bottom fell out due to macro-structural changes in the global socio-economic system. Because there were thousands of farmers who went through the same crisis, this was not the action of individual bad managers but rather a generalized social problem related to the end of the development project and the beginning of the globalization project. Our over individualistic culture blamed them—the farmers—for failing as farm managers. Their honor was gone. Too many in Missouri, and other states, killed themselves. It was not their fault.

Maybe this is “creative destruction” a la Schumpeter (1962). Maybe the processes of modernization, industrialization, urbanization, bureaucratization, and globalization did create the “greatest good for the greatest number of people.” I was, and still am, more interested in the local costs. Thinking back to my time on the community development trail, what I saw were desperate communities, often with closed power structures, or “hierarchical social capital” a la the Floras (see Flora 1998; Flora et al. 1992), trying to make strategic decisions with little control over their destinies. There were and are very many of these communities, and very few “good deals” from global firms. The odds are not in the communities’ favor. Basic economic theory teaches us about the power of small numbers exchange.

Poultry production has a long history in Missouri. I heard stories of thousands of turkeys being driven like cattle to St. Louis. The herd was led along with corn and roosted in trees at night. There were old chicken and turkey barns dotted across much of the landscape. Some were independent; some were old contract barns linked to local feed mills or Ralston Purina. Tyson, ConAgra, Simmons Industries, and Hudson had extensive operations. By the
mid-1990s many of the smaller poultry companies had been acquired by larger corporations. Today, Tyson, ConAgra, Pilgrim’s Pride, Perdue, GoldKist, Sanderson Farms and a few others dominate the industry (see Heffernan and Hendrickson 2002). These firms now have operations around the world and export increasing amounts of their domestic production. For example, in the early 1990s Tyson created a joint venture with Provemex of Mexico and C. Itoh of Japan to set up a global commodity chain. Breast meat is removed in Arkansas for the U.S. fast food market, leg quarters are shipped to Mexico and deboned by hand to create Yakatori sticks, a convenience food, and sold in Japan. In the language of globalization, water, technology, feed, and moderate-cost labor is sourced in the U.S., low-cost labor is sourced in Mexico, and profitable markets are sourced in Japan. The joint-venture also produces in Mexico for the Mexican market (see Heffernan and Constance 1994).

In the U.S., poultry contracting was agriculture with a small “a”; usually a “sideline” — often “women’s work” (see Fink 1986; Sachs 1983). Hog production was based on independent producers and therefore was agriculture with a large “A”. On most farms, hogs were part of a diversified operation. Farmers added value to their corn by growing pigs with it. Hogs could supply needed cash throughout the year, earning the name “mortgage lifters.” Until the 1980s, attempts to introduce hog contracting in Missouri were unsuccessful. Hog producers preferred operating in open markets. They were owners, and not workers. By the 1990s, a hog contract was “money in the bank” and lenders supported farmer linkages to agri-food corporations (see Constance, Kleiner and Rikoon 2003b). If the choice was between losing the farm or growing hogs for an integrator, many farmers reluctantly, and some happily, got friendly with the “big boys.” The University of Missouri College of Agriculture and Natural Resources policy was that hog farmers needed to get big or get out - 300 sows was the minimum. Three hundred sows allowed potloads of 200 to 250 lbs genetically tailored hogs to be delivered to local slaughter plants on a regular basis such as every other week. After a long period of sow expansion that saw corporate integration as firms like Smithfield, Murphy, Carroll Foods, Tyson, Premium Standard Farms, Seaboard, Cargill, and Continental Grain get into and expand their production, hogs went down to $6 per hundred pounds in the 1990s forcing many
independents to either get out or get integrated. The ones that stayed in business are either formally integrated on contracts or less formally integrated with "vertical coordination" – a more short term agreement to deliver a certain number of potloads of a certain criteria hog on a set schedule. Some producers are forming "new generation coops" and trying to produce, slaughter, and market their own product as fresh, healthy, and locally grown. Pipestone is a top ten coop operation based in Minnesota. My colleague Mary Hendrickson works with this kind of group in Missouri.

According to agricultural experts, Missouri’s role – or function - in the global agri-food system is protein production. In Missouri we have ample water, good feed availability, low cost land, limited planning and zoning, low cost labor, access to regional markets. Most importantly from my view, we have desperate rural communities trying to find ways out of the social and economic depression of the Farm/Debt crisis. Corporate hogs looked like a good fit, for some a panacea. For many, it seemed like a better idea than prisons or toxic waste facilities.

For the past 15 years I’ve been part of a research project looking at the social impacts of the introduction of industrial hog production in North Missouri (see Constance et al. 2003b). In the late 1980s Bill and I were “on the trail” all over the U.S. talking to farmer/rancher groups about agribusiness consolidation and concentration. There was a banker in the audience at one of my talks in Northern Missouri where Premium Standard Farms (now owned by Continental Grain) had started building a “state of the art” vertically integration hog operation. He did not like it that I was talking about some of the negative consequences of the industrialization of agriculture. He called his friend on the Board of Curators, who called my Dean, who called my Chair, by that time Bill Heffernan. I was officially pulled off the hog trail for not providing “objective information.” Since then I have heard many stories about political pressures to suppress the critique of the conventional agricultural system, in particular Confined Animal Feeding Operations (CAFOs). Similarly, the kinds of research needed to support a sustainable agriculture have been very slow to develop in the Land Grant System.

Research by my colleague Anna Kleiner in the same area of Northern Missouri focuses on the importance of the unit of analysis in studying the community impacts of the industrialization of...
agriculture. County level data does not adequately capture the localized impact. There are many benefits for the county – tax base, schools, and jobs – but many are not “good jobs” and in processing, are often staffed by Hispanic immigrant labor. But for many neighbors, their lives are ruined by the introduction of CAFOs. Depressed property values, declining health due to odor and airborne particulates, ground and surface water contamination resulting in well contamination and fish kills, increased stress with their once friendly neighbors, and a general decline and division of the community. Anna’s data shows that the benefits are more regionalized, or exported to investors in the form of profits, but the costs are more localized. A common theme that emerged in focus groups early in our research is that the unwilling neighbors to the CAFOs felt that their “American Dream” had been stolen from them. “Kenny was a veteran but could not BBQ in his backyard anymore. He now lived next door to hog factories.” A coalition of populist and environmental groups stopped the hog expansion in Missouri (see Constance et al. 2003b). Hog and poultry CAFOs have been a contentious issue in several states prompting the USDA and EPA to establish new guidelines and regulations. The most contentious subject is the manure, the amount and disposal of it.

I moved to Texas in 1997 to take a job in a sociology department. I thought I was moving to the West. I was wrong, I moved to the South – big pines and old cotton plantations – part of the Black Belt. For the past four years I’ve led a research project looking at the social impacts of the recent introduction of corporate broiler production in East Texas (see Constance 2002; Constance et al. 2003a). I moved to Texas and the following year Sanderson Farms from Mississippi set up a brand new fully-integrated system 30 minutes from my university. The slaughter plant is in Bryan, near College Station, home of Texas A&M. The growout barns are in neighboring rural counties with no planning or zoning. The neighbors to the barns rose up in protest. For many of them, their lives have been ruined. They cannot plan to BBQ because the wind might be out of the wrong direction. Their cattle die from rainfall contaminated by broiler litter that runs into their stock tanks – I call them ponds. Respiratory problems have increased. Stress levels have risen. The sense of community is damaged. People don’t talk to each other at church. Their trust in both politicians and
bureaucrats is damaged. The immediate negative effects tend to be very localized. There is little empathy or support for these neighbors from unaffected areas of the county. Environmental sociologists call this the “NIMBY” effect, but the social and economic impact to these people is still very real.

The name of my talk could also be called “The South moves South, and North, and East and West.” There was a model of social organization of agricultural production created during the time of colonialism—it was based on slavery. Plantations were established all over the world, including the southern United States. The United States, and especially the southern United States, was “sourced” for food and fiber products, as were many other “less developed” parts of the world, to service the rise of industrialization in northern Europe, and later the United States and Japan. The development of the North was built on the backs of the South (see Frank 1967; Wallerstein 1974). When the British lost their dominant access to southern U.S. cotton after the Civil War, they created an alternative model in India to supply their textile mills. The sharecropper system quickly replaced the now illegal slave system of agricultural production in the U.S. South. Landowner dominance was maintained as the agricultural activities of sharecroppers could be controlled without treating them as formal employees. It is an understatement to say that most sharecroppers did not thrive in this system, thought some did move up the agricultural ladder and become family farmers. Being “white” helped sharecroppers become a member of the “some.”

In the late 1940s and early 1950s, the U.S. broiler industry went through a transformation in both location and organizational form (see Constance 2002). The industry moved away from the independent growers in the DelMarVa region of the Northeast and relocated to the South, where farmers were suffering from the cotton blight and contract broiler growing looked similar to sharecropping. Many became growers as a sideline to their farming and off-farm economic activities. Advances in feed conversion, confined housing, genetics, and processing, largely developed in the Land Grant Universities, made the production of broilers a much more rationalized process. As a result the industry increasingly attracted corporate investment. Public science reduced the risks and large scale capital invested. In response to increased occurrence of grower
exploitation, the National Contract Poultry Growers Assn was formed in 1992 to lobby for and protect the rights of growers. My Agricultural Economics professor, Harold Breimyer, referred to contact farming as "serfs on the land" (Breimyer 1965). Production contracts were an asymmetrical power relationship whereby control was exercised without formal ownership or employment that would incur added responsibilities and liabilities. Some growers do thrive on contracts, many do not.

The Southern Model was developed as an innovation in the social relations of agricultural production in the Southern United States - slavery, sharecropping, contracting; growing other peoples’ products for them on a share system. In the Southern Model, control is exercised without ownership and liability is avoided (see Davis 1980; Watts 1994). In the CAFO system, the disposal of the manure is the responsibility of the contractee, not the contractor. The processing end of the model relies on low-cost and compliant labor – increasingly Hispanic, often undocumented. The state provides a business climate attractive to capital investment. Persistent poverty is a common outcome. There are socioeconomic reasons for the 400 years of persistent poverty in parts of the U.S. South. Dependistas call it "the development of underdevelopment" (see Frank 1967).

While the Southern Model was originally developed on cotton and grains, today it has progressed farthest in the livestock sector, the grains sector in not far behind (GMO grains, beans, and produce are examples), and fruits and vegetables production is rapidly being rationalized (see Heffernan 2000; Heffernan and Hendrickson 2002) Alessandro Bonanno and I have seen the same model in Texas (Bonanno and Constance 2000; Constance and Bonanno 1999). He calls it the Texas Model: a pro-business state, low cost labor, and lax environmental regulations. There is increasing evidence that this model is being diffused around the world to grow our food and fiber (Goodman and Watts 1997; Heffernan and Hendrickson 2002; Magdoff et al. 2000). The organizers of the system are the transnational corporations. The system is organized based on the concept of "global sourcing" – the practice of sourcing the optimal factors of production at a global level. These factors include feed, water, land prices, transportation, labor, technology, and regulatory climate.

Up in the Panhandle of Texas there is a large (29,000 sows),
but not huge, integrated hog operation called Texas Farms. It is owned by Nippon Meat Packers, the largest meat firm in Japan. It sources Texas to feed Japan. The Panhandle region of Texas and Oklahoma is one of the best places on the planet to produce hogs. Smithfield Foods, the largest hog producer and processor in the world (744,000 sows) is expanding there. Smithfield has operations in ten U.S. states and three other countries, Mexico, Brazil, and Poland. PSF (225,000 sows), the hog division of Continental Grain - ContiGroup, and Seaboard (212,000 sows) are also expanding there. You have similar regions in your states that have been assigned various roles in the global agri-food system.

The question for people interested in rural development is whether to try to link yourself or your region to the global agri-food system or try to create a more regional food system. The two strategies are not mutually exclusive at all but each does entail a different system of social relations in most cases. The recent focus on social capital (see Flora 1998; Flora et al. 1992) is an attempt to identify which “community characteristics” are conducive to communities working together to analyze their options in the new globalized system. Social capital, along with fiscal, environmental, and human capital, provide a more theoretically informed tool for community developers.

I teach seven undergraduate and two graduate classes in a two-year rotation. I came out of a Land Grant System and wanted to teach more at my first job. I teach plenty. My students say my lectures are very “dark.” I reply that my name – Douglas – means “dark stream” in Celtic. I use agriculture and food examples in all of my classes. At Mizzou I learned from Joel Hartmann to use John Steinbeck’s Grapes of Wrath in my introduction to sociology classes. It is a great book to illustrate sociological concepts and the social organization of agriculture. The Joads go quickly from family farmers, to sharecroppers, to migrant workers. Some of my students are concerned about the demise of community – they have some sympathy for Tonnies’ gemeinschaft world. When they ask me what can be done to rebuild community in a global era, I talk about sustainable agriculture as a model of community development. Wendell Berry supports this; Brewster Kneen does also (see Berry 1992; Kneen 1989). So do many others.

What I have decided is to avoid the Southern Model where
possible and try to support the development of a new agriculture with more direct links to local and regional consumers – an agriculture that is environmentally sustainable, economically viable, and socially just. I garden year round in Houston. Right now in February I am eating my spinach, lettuce, and broccoli, and edible pod peas are on the way. Not all climates are that cooperative. Farmers’ Markets, Organics, Integrated Pest Management, Food Circles, Community Shared Agriculture, and Community Gardens are all good ideas. Locally-grown foods that fit local cultures need increased access to schools, hospitals, and other institutional markets. There is a “slow food movement” – restaurants that use locally-grown, fresh, and/or organic foods and beverages. Community-based projects such as locally-owned value-added enterprises keep money at home. There is growing support from the government for linking “sustainable agriculture” to “community development;” the USDA Sustainable Agriculture Research Education (SARE) is one example, as is the Southern Rural Development Center. The Small Farms Program at Prairie View A&M also fits the criteria. I hope that there are similar ventures at some of your institutions.

To end, there is much work to be done. In my view, our role as agricultural social scientists is to help rural peoples understand how their lives fit into history, and help them see the trends that provide both barriers and opportunities for different kinds of rural development. In my view, we live again in very serious times. I teach my students that we are in the second movie of the Star Wars Trilogy, *The Empire Strikes Back*, where many of the successes of the social-democratic agenda of the New Deal to the Great Society are under attack (Constance 2003). It looks like I will mostly be teaching. Some of you will be doing the research; some will be working in Extension. There is plenty of work for all of us. The Southern Rural Sociological Association has an important role to play, through sharing our research at our meetings, collaborating on research projects, working to build a more sustainable food and fiber system, and through sharing our research with the world through *Southern Rural Sociology*. I appreciate all of your participation at this conference and over the years. I want to give special thanks to Dreamal Worthen, Roz Harris, Jack Thigpen, and Donald McDowell; those who came before me and mentored me. Best of luck to Glenn Israel, Ntam Baharanyi, and Patricia Dyk as they take
over the duties of SRSA officers. SRSA needs continued support from all of you and your willingness to volunteer. Finally, thank y’all for this opportunity to serve as your president.

References


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