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- BRIAN HALWELL, WORLD WATCH INSTITUTE

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- RICHARD WAYBRIGHT
On the path to the farm factory

Dairy farms are getting bigger and bigger, and that has Canadians worried

BY STUART LAIDLAW
BUSINESS REPORTER

GETTYSBURG, Pa.

RICHARD WAYBRIGHT’S ancestors once owned 2,400 hectares of prime Pennsylvania farmland, granted by the state's founding family, before selling almost all of it to their neighbours.

Ten generations later, he’s buying the land back as he builds one of the largest and most innovative dairy farms in North America.

"We bought four farms this spring," says Waybright, president of Mason Dixon Farms Inc. In all, 29 farms have been swallowed up by the operation, which straddles the famed Mason Dixon line that separated north and south in the U.S. Civil War.

About 90 Ontario dairy farmers visited Waybright's farm last month as part of a four-day tour to see how big American farms operate.

The farmers on the tour, like many across Ontario, are worried that the milk-marketing system they have come to rely on for protection against cheap imports can't survive repeated world trade challenges.

The United States and New Zealand have complained to the World Trade Organization that Canada's system of production quotas and guaranteed prices restricts free trade. Farmers fear that if such challenges break down Canada's milk system, they will be forced to compete with corporate farmers like Waybright, who can flood Canada with cheap milk.

With 2,300 milking cows, and about 5,000 cattle in all, Mason Dixon is among the biggest dairy operations in the eastern United States.

The company is regarded as both a guidepost in the dairy industry for the way farms should operate, and as a warning outside the industry about what many see as a dangerous trend toward bigger and bigger farms.

Mason Dixon ships its daily milk production of 320,000 litres more than 1,000 kilometres south to Florida. With Toronto only 700 kilometres away, the nine trucks that haul Mason Dixon's milk on any given day could just as easily head north if the market ever opened up.

At the moment, however, milk prices in the United States tend to rise as you go south and the hot weather hurts production, so most American dairies ship in that direction.

Waybright is proud of his farm, which he has built up to 960 hectares.

It's like a small town populated by cows, with its own utility systems and public-works department. A power-generation system Waybright designed burns methane gas given off by manure. The system pumps out 1.5 kilowatts of power, enough to meet the farm's needs. Any excess power is sold to the state utility.

Water from a 176,000-litre tower runs through the buildings like a municipal water system, while manure is pumped through an underground sewage system to the power plant and a composting station.
The company even has a fleet of trucks, tractors and bulldozers to rival any small town's works department, complete with a fully equipped mechanic's garage.

"We are largely self-sufficient," says Waybright, confidently predicting that the future of agriculture is found on his farm. "We do things first here, and then it moves out."

But critics say Waybright's farm is a good example of what's wrong with modern large-scale agriculture. They point to heavy use of antibiotics and hormones to boost production, the amount of fossil fuels burned by the trucks needed on a big operation and problems with manure run-off.

"Their main concern is to increase profit through more production," says Brian Halwell, of the Washington-based WorldWatch Institute. Other concerns, such as the environment or the health of the cows, matter only to the extent they might affect production, he says.

Back on the farm, Waybright says he hadn't always planned to own such a big operation. When he graduated from high school in 1948, he joined his father and older brother on the family spread. At the time, the operation was about average, with only 12 cows and a few chickens and pigs. He and his brother would get to talking while they worked that small farm, and dreamed about the future.

"We'd say to each other, 'One day, we're gonna milk 30 cows,'" he says, his 70-year-old eyes still sparkling with the optimism of his youth.

The brothers at that time were still farming the 69 hectares their ancestors kept for themselves after selling off the rest of their grant.

In 1951, they bought one of the first milking machines in the state, and set off a growth spiral that would take them far beyond their modest plans to milk 30 cows.

"We figured the best way to pay the milking machine off was to run it 20 hours a day," Waybright says. "To do that, we bought more cows."
But that meant the two soon needed bigger buildings to house the new cows and store their feed, plus more machinery and equipment to take care of them. That left still more capital costs to cover, and the brothers again boosted production by buying more cows, which in turn meant more buildings and equipment that had to be paid for.

A spiral of growth was started that continues to this day.

"It just feeds on itself," says Waybright.

In fact, innovation and growth have become the driving force at Mason Dixon, where Waybright family members spend most of their time and energy looking for ways to cut costs and increase production.

The strategy has paid off. While most farmers have trouble persuading any of their kids to take over the family farm, four of Waybright's five sons have joined him.

The fifth is a veterinarian.

Boosting production to pay off capital costs has likewise helped the farm's financial position. Waybright boasts he can pay off any investment in land, animals or equipment in just 16 months. The state average, he says, is more than six years.

Several Ontario farmers on the tour were impressed with Waybright's farm, though few thought they could transfer many of his innovations to their much-smaller operations. "He's able to achieve amazing economies of scale," says Mike Tibben, who milks 130 cows near Pembroke.

Halwell at WorldWatch, however, is much less impressed.

"The phrase 'factory farms' really does apply to these operations," he says.

"Economies of scale is an industrial concept, and you hear farmers now talking about the need for economies of scale."

Halwell is equally concerned about the spiral of capital costs and production increases at Mason Dixon, saying the same pattern can be found on many large farms once they head down the path of prosperity through growth.

"It means they keep getting bigger and bigger," he says, wondering where it will end.

Waybright says he hasn't finished growing yet. And while farms the size of his remain the exception the average dairy farm in Mennonite-heavy Pennsylvania is still only about 50 cows -he expects many more large operations to spring up over the next decade.

"The average age of a dairy farmer in this state is 58," he says. "And none of their sons want to take over."

That leaves farmers like him, those bent on growth, with plenty of pickings to boost their production as neighbours reach retirement age.

"It's going to be like the airplane industry. We used to have dozens of them making planes. Now we have Boeing," he says. "It's a natural progression."

About the only impediment to his growth is encroaching urbanization. With plans to extend Washington-bound commuter trains to within a few kilometres of his farm, Waybright has had to outbid housing developers to keep growing.

But he's not letting such annoyances slow him down, adding quickly that Canadian farmers should likewise be thinking of growing so they can compete on the world market.

"Supply management can't last."

Waybright predicts that, over the next 10 years, World Trade Organization challenges by the United States and New Zealand will slowly whittle away at Canada's system of protecting dairy farmers.

Once that happens, he says, Canadian farmers will be forced to compete on the open world market with farmers like him who have been buying up all the smaller, inefficient operations around them.

"Your farmers have been sucked into a system that one day in time is going to drop in value," he says.

Supply management controls the flow of milk through production quotas for farmers and marketing boards that pay the farmers more for milk than American farmers get.

The system protects farmers from foreign imports
by imposing huge tariffs and keeping the quotas large enough to serve domestic needs.

But while Canada was protecting its dairy farmers from the ravages of the world market for more than 30 years, much of the rest of the world was developing farms that dwarf even Waybright's operation.

And they were doing it in the unlikeliest of places.

California, the top milk-producing state in the United States, has almost no small farms. Several operations milk 8,000 cows a day. The world's largest dairy farm, with 24,000 cows, is in Saudi Arabia.

New Zealand is home to the world's most aggressive dairy farmers, however. The tiny country exports most of its dairy production, and has proved unrelenting in its use of World Trade Organization rules to force open new markets.

With competition like that, Waybright says, he will need to keep growing to stay profitable, especially if his grandchildren want to join the farm.

"When I was a kid going to school, you were ashamed to be a farmer. It was dirty and it meant you were poor," he says. "Now, my grandchildren go to school with the other farm kids and they all know we're not just farmers any more. Their fathers make as much as the doctors' and lawyers' kids."

And he'll do everything he can to keep it that way, warning the farmers on the tour that he and his neighbours will battle hard to get into Canada if the borders are ever opened to milk.

"You're in Gettysburg, where brother turned against brother, and in an hour and a half, 35,000 people were killed," he says. "We're not afraid of a fight."

### Dairy farms and milk production

The number of dairy farms in New York state has been declining since 1975, while production has remained relatively stable.