

# Hemp, Overproduction in Agriculture, and How to Control it

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## Opinion

Hemp has the potential to support a decent living for small farmers in the US, but it depends on what will happen in the coming years after hemp is fully legalized. Hemp is no different than any other crop; if fully legalized, industry would quickly employ methods commonly used on other crops. The industrial system stands at the ready with machines, inputs, universities, transportation systems, markets, and capital, to plant hemp on large acreages, process it, market it, and bring it to consumers. If unleashed, the vast majority of the crop will be grown on large acreages under industrial management, mechanized, and with few people on the land. Organic hemp will be another option offered by the industrial model, but equally as mechanized. Any profit advantage of hemp to farmers would, within 5 to 10 years, diminish to roughly equal the market returns of other industrial crops like corn or beans.

Today new hemp farmers are able to do what they love and make a living doing it. These new farmers are truly building an ideal agrarian life; often producing organically on small acreages, while integrating other crops on the farm, raising families on the land, improving the local ecology, being good neighbors, and seeing their work as an art form - caring for the earth, the soil, and all the inhabitants of their unique corner of the universe. I want this to persist. I want to see more farmers tending to small acreages. Yet after studying the history and nature of agriculture, I believe this bright future will only be attainable if we insist upon parity in prices and a cooperative system that assures that the small hemp farmer will always receive a fair price for their crop.

The tobacco quota system that supported small scale rural farmers from the 1930's to around 2000 provides a good model for hemp growers. The tobacco system functioned by the government granting the sole right to sell tobacco to farmer cooperatives. Cooperative members voted every 3 years to determine if they wanted price-support. If so (they always voted yes) they were subject to a quota system limiting their level of production to that which would return a living wage to tobacco farmers. Members of the cooperatives received 'quotas', or rights to bring a certain amount of crop to market. The program worked by limiting supply and thereby raising the market price above what the price would be under all-out free market production. The program was mostly self-funded with minimal cost to taxpayers [1]. Consumers of tobacco paid a slightly higher price, and this higher price allowed farmers to make a living on small plots of land. For example in Kentucky, tobacco made up only 1% of cropland but tobacco equaled about 50% of total crop income in the state [2]. It kept small farmers in business and, in turn, small town economies healthy.

In 2004 the program ended through a 'buyout' by the tobacco industry due to the decrease in domestic tobacco demand and tobacco companies importing greater amounts from other countries. Since the buyout, farmers are 'free' to produce as much as they want. Not surprisingly, tobacco farmers in hilly forested rural areas of Appalachia where the geography is not conducive to massive machinery could not compete. Production now happens in the flat country on the coastal plain. Instead of 1 to 5 acres of production supporting a farm family, you now see thousand acre fields under mechanization. Small Appalachian rural economies have collapsed. It may be no coincidence that the opioid epidemic has exploded in old tobacco country since the quota system 'buyout' in 2004.

I've heard some hemp farms say that the market is growing big enough for everybody and that they do not want to see any prohibitions on the growing or selling of hemp. I think we need to pause and take a deep look at the problem of overproduction in agriculture that has been a constant occurrence for the past century, and not let these boom times cloud our view of reality. Technology, mechanization, and the inability of any one farmer to control market supply has consistently driven the market price of crops below the cost of production, leading to cycles of farmer bankruptcies and consolidations. Overproduction is in the nature of agriculture and it cannot be solved without an agreed upon system of production controls [3].

Hemp is a new crop not yet in the hands of industry. New farmers and conscientious consumers should take steps now to

devise a cooperative run quota system that would assure fair prices for small hemp farmers now and into the future. If full legalization occurs without a quota system, prices will likely fall within a decade, the vast majority of production will be in the hands of corporate entities, and the potential of the crop to support agrarian life and rural prosperity will have been missed [4].

### References

1. Congressional Research service summary of tobacco quota system.
2. Will Snell, Stephan G (1997) Overview of Kentucky's tobacco economy, Cooperative Extension Service, University of Kentucky, Kentucky, USA.
3. Daryll Ray, Agricultural Economist, goes over the problem of overproduction in agriculture.
4. Wendell Berry, agrarian writer, goes over the virtues of a quota system here (minute 41:00).

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