

## STATEMENT OF TONY T. DeCHANT, PRESIDENT, NATIONAL FARMERS UNION

## THE EFFECTS OF CORPORATION FARMING

Mr. Chairman and members of the subcommittee, we appreciate very much the opportunity to present our views on the problems posed by the trend to corporation farming in America. I want to commend you for the energy and the concern that has brought you here to the heartland of America to hear testimony on an issue that affects so vitally the welfare of the Nation.

The issue is really one of a disparity of power between two vastly unequal segments of our society—a disparity of power between the large, conglomerate corporation, and the power of the farm society it seeks to invade.

We are talking here about the large, nonagricultural, often diversified, corporation. It is frequently involved in packaging, distribution, and even retail sales of the products it is now producing on the farm. Its capital comes from Wall Street, or manufacturing, or oil or some other prosperous segment of the economy. Its ability to interfere with and manipulate the market is enormous. Its financial resources stagger the imagination of most farmers. Its political influence astounds us. Its ruthlessness sometimes disgusts us. Frankly, we are no economic match for its unrestrained competition.

This kind of corporation farm represents power without conscience. Its continued freedom to invade without restriction will depersonalize rural America. It will deplete its resources—its land, water and people—and it will put the city dwellers of America at the mercy of a monopoly controlling the cost of food and clothing—things it cannot postpone buying.

I would like to discuss five points:

1. The corporation farm interferes with the market system that exists for farm commodities.
2. The corporation farm cheats us of our taxes—by operating frequently on tax write-offs from profits in other fields, and by practices at the farm level that cut local and state taxes.
3. The corporation farm results in a decline of population in rural areas, a depleting of community resources and small towns contributing to the problems of already overcrowded cities, and further diminishing the welfare of rural America by diminishing its political influence.
4. There is evidence that the corporation farm—with its impersonal pressures on management for quick profits—cannot be trusted with our basic natural resources—soil and water.
5. There is urgency in the matter. It is already very late.

Without help, the farmer is powerless to stop the corporate invasion. He is weakened by a farm program that at best has only prevented utter disaster to his segment of the economy. He is denied the right to participate in the setting of most of the prices he receives. He is at the mercy of other segments of the economy which are protected and strengthened by government programs. The farmer is no match for his foe. He needs the help of his State and Federal Governments.

Before entering the discussion of the five points mentioned above, I would like to challenge one myth that has been spread across America—frequently by the public relations departments of the giant corporations. That myth concerns the so-called efficiency of corporation farms.

I say this to you without qualification. *There is no relationship whatever between efficiency and corporation farming.* There is perhaps a relationship between efficiency and size of operation—but only up to a point. And that point is well within the scope possible for family-type farms. That is, a 3,000-acre farm is not necessarily more efficient than a 300-acre farm. In fact, the 300-acre unit operated by a family whose roots are deep in the soil—may be a good deal more efficient than its corporate neighbor of 3,000—or 30,000—acres.

For example, studies show that on the Texas high plains, a one-man farm of 440 acres had the lowest production costs. One-man wheat farms in Oregon had lower average costs than two- and three-man operations. In southern Iowa, the cost revenue ratio was lower on a one-man, 280-acre farm. And there are many more examples.

One of the most serious aspects of the entry of the corporation into farming is its ability to interfere with and manipulate the market. One kind of corporation that does this is the so-called "integrated" corporation. It is often large