

terconnected. It appears intermittently and it's interconnected and this 3-mile radius principle, in my mind, needs some additional research.

The nonfarm corporation has three built-in competitive advantages over the independent farmer. It has available capital resources earned outside agriculture, combined with easier access to credit; the ability to purchase equipment and supplies at volume prices; and a better bargaining position in the market because of volume production or integrated enterprises, or both. The Gates incident is a dramatic example of the first advantage cited.

Wherever you turn, you encounter economic pressures for scale. Farmers are urged onto the treadmill of increased volume to stay alive. The May issue of a western farm magazine quotes a sugar company fieldman as follows: "Farmers in top producing counties have the ability to keep pace with rising costs through volume production. These counties (in the pump-irrigated area) are blessed with long, straight rows—in many cases 12-row equipment is being used."

Commercial farm real estate lenders apply similar indirect pressures. They prefer to invest their resources in the smallest possible number of large loans. If the customer has substantial nonfarm income, the security is so much the better. The small farmer seeking credit, secured primarily by his agricultural earnings, is bypassed. At the same time he could not afford to capitalize or obtain intermediate credit to equip himself with machinery of this scale—nor is such large scale necessary to production efficiency. The evidence is preponderant that the typical commercial family farm is competitively efficient in production.

The wide range of forces pointed at planned and structured efficiency in production and marketing are concerned only with economic efficiency. They are unconcerned with social efficiency.

If it is desirable as a matter of national policy to maintain independent enterprise in the agricultural sector, public policy will need to be amended and innovated on several fronts.

High on the list, I think, is the extension and improvement of legislation to limit the capacity and the thrust for corporate growth and expansion at the expense of independent small enterprise. Since 1890, about every 25 years the Congress has found it necessary to refine restraint of trade, monopoly, and unfair trade practices legislation. The contemporary phase of corporate expansion has the label of conglomerate. This time family agriculture is in its orbit. There is also a corollary need to close tax loopholes that foster the investment of nonfarm capital in agricultural land and to limit the availability of retained earnings for conglomerate investment.

Even so, the limitation on conglomerate expansion will not be enough. On the positive side there must be capital and credit resources made available to family farm enterprise at rates and terms commensurate with the cost of agricultural land and contemporary technology. The competition for productive agricultural land has driven present market values well above the present capacity to earn a reasonable return on investment. Nonfarm capital has been a major factor in the inflationary competition. Senate bill 1567, the Small Farmers Investment Act, is a necessary step in this direction.