untarily to research workers on the organization, operation, and financial results of the conglomerate corporation engaged in farming. What we're suggesting here is that this committee might be able to obtain such information but that we probably could not.

The second question that we pose——

Senator NELSON. May I interrupt just a moment. Has anyone in the agricultural economics field or elsewhere attempted to make a study of this aspect of agriculture?

Professor PETERSON. Not of this type that I'm talking about where we really go into the financial structure of the corporation and try to find out just what their motives are and how they stand to gain from it. I don't know of any such study.

The second question: Do we know whether factory farms can produce food and fiber at lower cost per unit of product than can well-organized, efficiently operated family farms?

Here is another gap in currently available research information. Agricultural economists in the past, and still today, talk glibly about diseconomies of scale with rising costs per unit of production as the business unit gets bigger without being able to pinpoint the size of farm firms where such diseconomies begin if, in fact, they do occur. Most cost production studies do not adequately allow for advantages that the largest family farms have in managerial ability, and in the purchase of seed, fertilizer, insecticides and pesticides, machinery and other production items. Beyond this, factory farms probably have additional advantages in management, financing, purchasing of inputs, and marketing of products.

The historical trend toward fewer and larger family farms is well known. Our opinion is that this trend will continue with its impacts upon rural communities. The growth of nonfamily corporation farming would hasten the decline of small agriculturally oriented towns in the Great Plains and Corn Belt States. These towns are in serious trouble in either case since they are being bypassed when operators of large family farms sell their products and buy goods and services and would also be bypassed for items bought or sold by factory farms. The main difference is that purchasing agents on factory farms would go directly to manufacturers for production items, while operators of large-scale family farms are likely to go to towns of 25,000 or more population in their immediate trading areas.

Third, have we faced up to the basic policy issues involved in commercial agricultural development in America?

With nearly 95 percent of our population now living in towns and cities, an important goal of national food and agricultural policy is the production of an abundant, nutritious, and varied supply of food at low cost to consumers. Up to now this goal has been quite effectively achieved by large-scale commercial family-operated farms which have adopted new technology and have increased in size and volume of business. One question for future agricultural policy is whether such family farms can compete effectively with factory farms. The research needed here is to determine whether conglomerate corporations enjoy tax privileges, access to management and financing, and buying and selling advantages not now available to individual farmers. If they do enjoy such advantages, then new programs can be developed or existing programs expanded to improve the competitive position of