ciency and progressiveness under a variety of alternative institutional arrangements. The current and acute policy question involves whether and how to guide the course of organizational development. Inadequate analysis of policy alternatives could result, on the one hand, in unwanted organizational patterns, or on the other, in undesirable forms of legislation. The most forceful argument for taking positive steps to support family farm agriculture is to enhance decentralized decisionmaking and diffused economic power in our society.

Rapid change in number and sizes of farms is an important cause of anxiety among farmers and disturbances in rural communities, but this alone is not the central issue. In size of business, most farm production units can still be classified as family farms. That is, farm families provide a large part of the labor except for seasonal work and transitional stages in the families. Furthermore, research studies relating costs per unit to size have generally shown that all of the economies of size can be achieved by modern and fully mechanized one-man and two-man farms. I'm referring here particularly to the study by the Department of Agriculture which summarized a number of studies involving commodities in various areas of the country, indicating that the economies of size were not significant beyond a one-man or two-man type of operation.

Senator NELSON. Have there been any studies that you're aware of, of the corporation farm itself and its unit cost of production?

Professor FARRIS. I know of no such studies, Senator.

Although technology will not remain constant in the future, 10 or 20 years from now we will probably still see large numbers of family size farms.

This is not to say that adequate size of business is not important. While the total number of farms in the United States dropped from 4.1 million in 1959 to 3.25 million in 1966, those with annual sales of $20,000 or more rose from 325,000 to 527,000. These farms accounted for about half of the value of all farm products sold in 1959 and about two-thirds in 1963.

Senator NELSON. What study is that statistic based upon?

Professor FARRIS. This is from a study prepared for the Congress by the U.S. Department of Agriculture on parity returns positions of farmers.

Senator NELSON. What year was that?

Professor FARRIS. I believe that was completed last summer, the summer of 1967.

Many operators of small units recognize that they must grow larger to earn returns more nearly comparable with returns to similar resources employed outside of agriculture. So farmers themselves compete intensely for additional land.

The share of business done by large farms is expected to continue rising, but the increase will come mainly from greater numbers of farms in large size classes rather than large farms in existence growing to massive size. Here I'm not including investment in land for reasons other than the productivity of the investment itself.

Now I will turn to loss of managerial independence. When we turn to entrepreneurial functions, we often see more profound change. In producing some commodities, farmers are subject to increasing de-