and labor of farmers in quantity great enough to keep output pressing on available markets and downward pressure on prices.

But we should recognize that nonfarm capital may be invested in agriculture because of tax advantages or other reasons not directly related to the productivity of the investment. Where this occurs, land prices will tend to be bid up further and competitive pressure on traditional agricultural producers will be intensified.

Now, I will turn to public policy approaches which will strengthen family farm agriculture. Three broad policy directions appear to have a place. Owing to the great diversity in American agriculture, no single approach is likely to be appropriate and effective in all situations. In several ways various approaches may be complementary and interdependent. The emphasis given to each will need to depend on individual situations and on the support each receives.

First, improving the functioning of competitive processes. Competitive exchange processes, including open markets, could be made to perform more effectively by expanding the broad range of marketing service and education programs now in existence so that market positions based on superior knowledge would tend to be undermined by more informed and skilled competitors. New legislation may be needed to provide that public agencies could obtain accurate and essential basic data for rapid summarization by computer and immediate transmission of relevant market knowledge over modern communications networks to interested buyers and sellers.

Grading and standardization programs would be emphasized. Federal agencies might be given specific legislative assignments to develop new product standards and grades appropriate to changed needs.

Antitrust activity has an important role in improving the functioning of competitive exchange processes by reducing concentrations of power either on the buying or selling sides of markets. Large firms could be forbidden to acquire other firms. Divestiture is an alternative which may be considered in some situations. Where processors, distributors, or suppliers are too small to take advantage of economies of size, mergers among small firms could be encouraged so they could on the one hand, lower their unit costs and, on the other, offer stronger competitive challenges to larger rivals.

The extent, form, causes, and consequences of vertical and conglomerate firm growth are not fully known. New legislation may be appropriate to assure competitive behavior by diversified firms. As a first step, specialized firms might be put on a more equal basis with diversified firms so far as information about each other is concerned if data on sales, expenses and profits, by divisions, of vertically and conglomerately integrated firms were made publicly available. In this respect more information is needed about trends and reasons for changes in land ownership patterns.

In order that up-to-date information about changes in industry structure will be available to the Congress and the executive branch, legislation could provide specifically that continuing economic studies of evolving industry structures of the food and fiber industries would be carried out. Some of the studies could be conducted by educational and private research institutions, such as the land grant colleges, others by economic research agencies in the Federal Government or by