

A related idea in the development of our country was that an agriculture made up of family farms was the backbone of democracy. A penetrating examination of the idea by A. Whitney Griswold, late president of Yale University, led to the conclusion that democracy grew from men's minds and spirits in the commercial and industrial atmosphere of cities as much or more than in the agrarian atmosphere of the country.

It has been argued that a family farm of adequate size is more efficient than any other organizational pattern of agricultural production. Many units of 1-2 man-years in size have survived and still dominate the countryside. We need to recall, however, that the managerial function is slipping away from several of these units. We must also recognize that with increasing specialization, possible complementary relationships among enterprises decrease and that the farmers' work becomes easier to routinize so that it can be supervised from a greater distance.

Yet, it is certainly not apparent that family farm agriculture is less efficient than alternative organizational patterns, or that it needs to be with new institutions or techniques of management and marketing. If this is true, society will not suffer productivity loss by taking steps to keep the family farm. Moreover, social and adjustment costs, which may be associated with some forms of organizational change, would be avoided.

This brings us to the final and most forceful argument, in my judgment, for preserving and strengthening the family farm, that of supporting decentralized decisionmaking and diffused economic power in the organization of our society. Economics teaches and history verifies that if a firm or small group of firms grow large in relation to the market, they generally increase their influence over the livelihood of others and turn terms of trade in their favor.

Our basic philosophy is in favor of a market economy, but for it to work effectively, buyers and sellers should be sufficiently numerous and vigorous to impose competitive checks upon each other. It has been our national policy to take steps from time to time that nourish competition: By restraining excessive power, by encouraging new competitors, or by enabling weak competitors to become stronger.

Strengthening managerial latitude of independent farmers and firming their market positions as individuals and in groups would be in our national tradition toward balancing economic power in society. It would also give farmers greater influence in shaping the kinds of production and marketing systems which are affecting their lives, their role, and their managerial freedom so profoundly.

An agriculture made up mainly of family farms, in which considerable managerial independence would be retained by the farm family, probably can be saved. If society wants to strengthen the family farm, some policy alternatives are available which would contribute in this direction. Choices and actions at this time can play a key role in forming the organizational pattern in the agriculture of tomorrow.

This concludes my statement.

Senator NELSON. Thank you, professor.

(The complete prepared statement of Professor Farris follows:)