

It seems to me there are some serious issues that must be resolved before corporation farming becomes an irreversible trend in American agriculture.

Corporation farming could place a control of national food production in the hands of a few giant food growing, processing, and marketing chains. Then the consumer would be faced with retail food prices dictated by monopolies and not set by competition in the marketplace.

Corporation farming could increase the already devastating migration of people to our overcrowded cities from abandoned farmhouses and deteriorating rural communities. The continuing flow of people from the countryside to our urban areas has already compounded the explosive difficulties facing our major cities.

Corporation farming could mean continued abuse of our income tax laws by operators or investors who farm at a loss to gain tax writeoffs. Recent information released by the Internal Revenue Service shows that thousands of corporations and other absentee farm investors are using financial losses from farming to offset taxes on income earned from other nonfarming operations.

In 1965, for example, there were 119 millionaires who were involved in some phase of farming. Of these 119, 104 reported a net loss on their farm operations for tax purposes. Senator Lee Metcalf, of Montana, and I are sponsoring legislation to prevent this practice and I am pleased to report that our proposal has just received the endorsement of both the U.S. Treasury Department and the Department of Agriculture.

Corporation farming could lead to the massive exploitation of our natural resources. As I already cited, serious water problems have already been created in the Great Plains States due to intensive irrigation projects that deplete the underground water tables faster than they can be replenished from natural sources.

Right now, corporation farming can best be compared to a giant iceberg. Only about 10 percent of it is above the surface and open to public view. The remainder is hidden in a tangle of corporate connections and deceptive arrangements.

Over the coming months I hope that this subcommittee will be able to work its way through this maze and develop firm facts about corporation farming today and its implications for tomorrow.

Before we hear from our first witness, I would like to indulge anyone here to write your views on corporation farming on one of the cards that are available in the rear of the room. We cannot possibly hear testimony from everyone who has expressed a wish to testify, but we would like to have any comments you might have and if you wish to submit a statement for the record to the committee, the record will remain open for another 2 weeks on this hearing.

(The subsequent statements were received and follow :)

STATEMENT OF KEITH C. DAVISON, COUNSEL, TRAVERSE ELECTRIC
COOPERATIVE, INC.

Mr. Chairman, my name is Keith C. Davison and I am the attorney for the Traverse Electric Cooperative of Wheaton, Minnesota, a rural electric distribution cooperative serving members in Minnesota and South Dakota. As a country lawyer, I am familiar with the rural economy in this locality.