

new advances in technology, the family farm is still vulnerable on several points through conditions which at least up to this time have been beyond the control of farmers.

American farmers, unfortunately for themselves, have never developed a market power comparable to their productive power. Historically farmers have been price takers rather than price makers.

Farmers today are extremely vulnerable on the credit side. Farming today requires vast amounts of capital and the needs for capital are rapidly growing. Use of borrowed capital has doubled in the past 20 years and it is predicted by credit specialists that it will double again within another 5 years. The amount of capital needed on most farms has long since outrun the amount that can be generated on a farm or on the farm or set aside in a lifetime of farming.

The use of credit is a necessity and it is expanding rapidly at a time when interest rates are at the highest levels since the Civil War.

In some areas, farm demands for credit have already outgrown the lending capacity of the country banks and the country banks have had to turn to city banks and compete with other industry for loan funds. And this condition is likely to worsen in the future.

This is a situation in which corporations which have undistributed capital and reserves available for investment in land and farming operations can have an important competitive advantage over the family farmer who must get his credit at retail.

All of the handicaps of family farm agriculture could conceivably be rectified. But, until measures are taken to provide full parity price and other income-supported assurances for family farmers, until there is a return to reasonable interest rates and ample money supplies, until effective supply management tools are available to farmers, and until workable farm bargaining becomes a reality on the major commodities, agriculture will continue to be in a position where corporation farms can hope to invade agriculture production successfully.

The corporations, of course, do not have to show a profit immediately. Because of the tax loss gimmick, they can operate at a loss, flood the markets at a loss for long enough to drive family farmers out of the production.

Ordinarily the corporations do not disclose why they are going into farming. No doubt, they have a number of reasons for doing this. Some may have felt in the fall of 1966 that a new era of prosperity and unlimited national and foreign demand was about to begin as a result of the success of the feed grains programs of 1961 through 1966 and finally clearing away the surpluses which had overhung the market.

It is possible that some companies jumped into the agricultural game because of the selling job that some fertilizer companies may have done on the brilliant future just around the corner.

But we rather expect, however, that the motivation of the conglomerate corporations and the packers and the food chains in moving into agriculture is to achieve two things, neither of which is the immediate profit on the farming operations.

We assume that perhaps the two principal goals are, first, to develop sufficient economic concentration in the food industry from the farmer