

While great tax benefits are alleged for large organizations, I think it is also significant for us to face up to the fact that many large corporate organizations now looking at farming are showing budgeted net return on investment of 12 to 20 percent as their prime incentive. The large corporate organizations would have scientific management staffs available and would use them.

On the other side of the management question they would have a major problem—and I think this one has yet to be answered—they would have a major problem in production control to achieve crucial timing for successful production. It would also be difficult for them to get the quality of farm labor that they need on such a specialized operation. In many areas of resource conservation profitable practices consistent with conservation practices in the sense that the major aspect of soil conservation are profitable so far as within the farm decisions are concerned. Specific enterprises, of course, such as large livestock production, some control of air and water pollution may be necessary to maintain environmental quality. Many of the potential gains or economies of the large corporate organizations could theoretically be achieved by the incorporation of a number of the neighboring family farms or by the use of bargaining associations in buying and selling. The mechanics of this activity, however, would be complicated by the fact that several otherwise quite independent units would be involved. This form of combined family farm corporation may hold some promise in getting financing, but would not likely itself solve all the problems of financing and continuity.

If the large corporate farm organization is able to achieve significant new economies in production it will still not necessarily drive out the family farm. Many existing family farms now own a major portion of their capital employed. When earnings fall on such farms below a market return on all factors the family farm can still survive as long as return to owned capital, labor, and management combined represent a total disposable income sufficient to meet debt payments, and service family living needs. Supplemental income from nonfarm employment can also be used.

If the very large corporate farm should be able to achieve sufficient economic advantage to become predominant in the future, it would certainly have a direct impact on the family farm and on the rural community. It would put potentially great economic pressure on the family farm. It could relegate many existing family farms to a place to ride it out on social security or to a way of life supported by primarily outside sources in income. This could greatly increase the number of people who would be unemployed or grossly underemployed.

Similarly, a significant increase in the farm size with incorporation would cause major disruption of community services and community life in rural areas. The geographic areas to be served by churches, schools, hospitals, local trading centers would be greatly enlarged. In order to maintain community services of all kinds, there would need to be a major reorganization of all rural communities that are largely agricultural.

These add up to major social costs. In viewing this whole problem, however, it is paramount that we recognize that these changes and resulting problems of social and economic reorganization and adjust-