

First, I believe that we need to adopt some policy that will retard but not necessarily stop the formation of corporation farms. Many of these are family farm corporations and many of them do serve a functional purpose, but not all of them. We should be selective in our policy and not indiscriminate.

Senator NELSON. I might say, professor, that these hearings have all been directed at the problem raised by the absentee conglomerate corporations, not the incorporated family farm or partnership of two brothers.

Dr. RAUP. And I recall that you made that clear at the beginning of the hearing this morning. But I have heard testimony here and elsewhere that favors prohibitions against corporate farming, or penalizing them by heavy taxes. I think the record is very clear that neither method is apt to be successful. The prohibition is apt to cost more in many ways than it is worth, and the penalizing heavy tax is almost surely unenforceable. At least this is the history of other countries that have tried it.

I think we do need to reexamine our tax policy very carefully. As I have indicated, I think, taxation policy has played a major role in the present trend toward big farms and especially corporate farms in agriculture.

I think we need to strengthen our extension services and to examine their functional division of labor as between the medium-size farm and the larger farms.

I want to support the claim and the request that has been made earlier this morning by others for the disclosure of more information about farm corporation. We are very much in need of disclosure rules that will provide more data. We are virtually starved of data, and this is not necessary at all. I see no reason why we should not extend some of the public disclosure rules, that now govern corporations listed for public trading with the Securities and Exchange Commission, to unlisted private corporations deemed to be endowed with the public interest. I take it a farm corporation does contain a large element of public interest, sufficiently large to require and defend the inclusion of those corporations under some of the public disclosure rules that we now restrict only to publicly traded corporations.

Finally, I think that we need to remember that it is not farm people that will be the principal beneficiaries of a continuation of our present structure of agriculture. Consumers will be the principal ones to pay the cost if that structure is changed.

Thank you.

Senator NELSON. You were saying it will be a nonfarm owner who will be the principal beneficiary?

Dr. RAUP. I want to emphasize that the problem of corporation farming is not primarily a farm problem, it is a problem for the whole United States. It is nonfarm people, consumers, who have the biggest interest in how that problem is resolved, because they will be the ones that will pay the cost if we end up with a system of high-cost, inflexible, and technologically rigid farms.

Thank you, Mr. Senator.

Senator NELSON. Thank you very much, professor, for your fine statement. We appreciate your taking the time to come here.