

TYPE OF BUYER

District	I—Operating farmer		II—Investor		III—Nonfarm purposes		Total number
	Number	Percent	Number	Percent	Number	Percent	
Southeast.....	339	77	73	17	26	6	438
Southwest.....	472	85	79	14	5	1	556
West-central.....	233	84	34	12	10	4	277
East-central.....	189	70	40	15	42	15	271
Northwest.....	130	87	17	11	3	2	150
Northeast.....	43	88	3	6	3	6	49
Total, Minnesota..	1,406	81	246	14	89	5	1,741

Investor buyers were 11 per cent of all buyers in 1967, if we include expansion buyers as a separate class as was done in Table 12, p. 17, of *The Minnesota Rural Real Estate Market 1967*. If we break down expansion buyers into "operators" and "investors" then the proportion of all sales of farm land made to investor buyers increases from 11 per cent to 14 per cent. This table shows clearly that the overwhelming majority of buyers who are adding to existing land holdings are operating farmers. Investor buyers typically own no other farm land at the time of their purchase.

IV. Some Policy Issues Involved in Corporation Farming

Debates about the merits or evils of corporation farming are inextricably combined with questions about the appropriate size of farming enterprises. The presumed advantage of the large farm has usually been argued in terms of relative efficiency and lower unit costs. Current concern about the accelerating trend toward corporation farming is due in large part to the fact that some of the corporations are larger than is necessary in order to achieve desirable levels of production efficiency in resource use in farming.

With the exception of poultry and egg production and beef-cattle feeding in feed-deficit areas, virtually all research studies have shown that Mid-West farms large enough to provide gainful employment for two man-years of labor are large enough to achieve most of the production economies to be gained from size of farm. In terms of production economics, the argument for larger farms in the Mid-West is not an argument for larger-than-family-size farms.

Why, then, is there concern about corporation farms, and the implied growth of a structure of super-farms in American agriculture?

Primarily, for three reasons:

(a) A fear that many of the incentives leading to large corporate farms do not result from greater efficiency or superior management, but are the result of institutional defects, particularly in the tax system, in the marketing structure, and in agricultural extension programs.

(b) A fear that the trend toward corporation farming is an additional example of a trend toward the centralization of economic power and decision-making in a few hands and places, with a resultant loss of flexibility and diversity in our national economic life.

(c) A fear that a rural social structure dominated by a small number of "company farms" will yield a deadening conformity and a restricted environment in which to develop the full potential of the quality of rural life.

There are grounds for these fears.

The strongest grounds relate to the tax system. Because we make extensive use of a graduated and progressive income tax, it follows that any concessions or favored tax treatment extended to farmers inevitably results in more favored treatment for those with higher incomes. The option to report on a cash basis or an accrual basis is an example of favored treatment, as is the opportunity to charge off a part of the costs of soil conservation practices as current expense.

Any attempt to help agriculture by income tax concessions contains an automatic bonus for bigness. Any leniency in the enforcement of income tax laws has significant value only for high-income farmers, has only marginal value for the typical commercial farmer, and has virtually no value at all for the statistical majority of farmers.

Completely apart from any question of concessions to farmers, or favored tax treatment, the nature of the farm business creates certain attractions for the