

wealthy investor. To him, the primary advantage of an agricultural investment lies in the high ratio of durable assets to total assets. Assets that can be treated as capital, and taxed under capital-gains tax provisions, are an invitation to the man of wealth to acquire them and seek ways to convert the largest possible amount of current income into an appreciation in his asset values.

The classic illustration is the beef cattle ranch. With most of the investment in land and a breeding herd, opportunities are maximized for appreciation in capital value, and subsequent taxation at not more than 25% of the gain. This advantage is progressively attractive to anyone with more than, roughly, \$25,000 in annual income.

These advantages are lower on typical Mid-West farms, but still quite significant. When coupled with a 30-year history of almost continuously rising land values, they explain a major part of the attraction of the corporation farm to non-farmer investors.

Institutional weakness that favors the larger farm is also apparent in the agricultural marketing structure, both for inputs, and products. Farmers themselves are to blame for some of this weakness. They have often resisted the degree of market discipline needed to make them competitive with large farms in product quality, uniformity, and stability of supply. There is abundant evidence that small producers can compete with large firms in fields where product quality is critical. The evidence is also clear that, to do so, the small producer must surrender some of his sovereignty in farm management and marketing decisions to his suppliers, or to marketing or processing agencies.

These may be cooperatives, or private businesses operating under contractual arrangements with the farmer. But in any case they must have power to impose production and marketing standards on their farmer members or contracting partners. If farmers are unwilling to accept this discipline, they are in a weak position to complain if the large corporation farm takes over.

A related institutional defect concerns the increasingly complex nature of agricultural technology and the need for a greatly expanded agricultural extension effort if this complex technology is to be made effectively available to all farmers.

There has been a tremendous increase in recent years in the potentials for improved plant and animal nutrition, the control of disease, and the elimination or reduction of weeds and pests. Many of the chemicals and techniques of use involved are complex and require skills in application that are beyond the capacity of the typical farmer. Our ability to produce this technology may have outrun our ability to distribute it in a form that is widely usable at the farm level. It is at least arguable that our national investment in the research and development of this agro-chemical technology has not been matched by a comparable effort in extension education aimed at the smaller-sized farms.

Much of the effort at consumer education in the use of fertilizers, feed additives, farm chemicals and drugs is supported by private industry. It is understandable that suppliers will prefer to concentrate their sales effort on large-volume users. The costs of user-education programs or after-sales service rise sharply if many small users are involved.

There may be a parallel here with the early history of rural electrification. Private utility companies could not afford (or believed they could not afford) to extend distribution lines into remote areas to serve a few low-volume consumers. The development of this market was delayed until public capital was used to extend electric power lines to rural users.

There is some evidence that suggests that modern agricultural technology is not equally available to all sizes and classes of potential farm users. This lack of "availability" is not because of any lack in supply or physical distribution, but results from lack of knowledge on the part of the farmer and the unequal availability of educational and training programs to familiarize him with this new technology. For agro-chemical technology, the agricultural colleges, universities, and extension services have left the consumer-education effort largely to private industry. This trend is accelerated by the possibility of trade-marking, patenting, or otherwise controlling the distribution of chemicals and drugs.

In theory, agro-chemical technology lends itself to almost infinite subdivision into small units that can still be effective in application. This is often cited as an example of a type of technology that need not be applied in large, "lumpy" units. But in practice, it may have developed the other way around. Agro-chemical technology may be physically capable of subdivision into small doses,