

heavy expenditures on non-functional advertising, it will be the consumer who pays. In this sense, it is not only farmers, but also consumers who have a direct interest in the trend toward corporation farming.

The emergence of a few large farms or producing firms, highly specialized in a given product, reduces the effectiveness of our present methods of collecting and reporting agricultural statistics. In the past, a population of many small farms has made it reasonable to assume that no one of the reporters on whom we rely for crop and livestock reporting would have an interest in falsifying his report in order to affect the statistical outcome. With large and specialized producing firms, this motivational structure changes. In chicken eggs and broilers, at the moment, we are approaching a point at which conventional methods of collecting and reporting agricultural statistics are becoming inadequate. There is reason to fear the deterioration of statistical data on agriculture with growth in the size of agricultural producing firms.

For many people, the least tangible, but most worrisome aspect of a trend toward corporation farming lies in the field of social policy. Absentee ownership has traditionally been associated with a lack of attention to the amenities of life in rural areas and with an inadequate rural social infrastructure. Schools have often been poorer in areas characterized by a high proportion of absentee-owned land. The local tax base is impaired if a significant part of the income earned in the community is spent outside the community. Public recreational facilities suffer, community centers are poorly equipped or lacking, and in other dimensions the quality of rural life has been lower in high-tenancy areas than in rural areas characterized by a predominance of owner-operators.

This conventional wisdom has a basis in fact, as can be verified by the past history of share-cropping regions of the U.S. South, and by a comparison between areas of high tenancy and areas of owner-operation in the Mid-West.

But it is not clear that a rural structure dominated by corporation farms must inevitably lead to a deterioration in the social quality of the rural environment. If the corporate ownership is absentee, if profits are not reinvested in the community, if management success is judged solely in terms of corporate profits, then the corporation farm does pose a social threat to the rural community.

But this is not necessarily a condemnation of all types of corporation farming. If the corporation is predominantly a family affair, and its officers and stockholders are resident in the community, there is no clear reason why this form of farm business organization should pose a social threat to rural life.

The least desirable situation may be one in which farm corporations are larger than family-size and are absentee-owned, but not national in scope or scale of operation. This could lead to a type of "petty-corporatism," comparable with the petty-landlordism that has been the curse of slum-areas in urban centers.

The management of a large corporation with a widely diffused number of stockholders may not be subject to as powerful a pressure to "maximize profits" for the stockholders as can result where there is one principal stockholder or a small group of stockholders.

In the evolution of corporate law, there has been a substantial change in the doctrine of corporate waste. Not many years ago contributions to charities by corporate management from corporate funds probably would have given stockholders a basis for an action against the management, for "corporate waste." It is now accepted practice for the management of large corporations to make charitable contributions, to award scholarships, and to make other non-profit oriented uses of corporate funds without danger of stockholder suits on a corporate waste theory. Courts may rationalize these contributions as proper on the basis that the activity promotes good will for the corporation which, in turn, may help it sell its products thus bringing in greater profit. But this line of reasoning does not seem persuasive. The more persuasive reasoning is that the corporate citizen has an obligation to the community and society in which it functions, as well as to its shareholders, and that it cannot be held a violation of corporate law when it seeks to fulfill that obligation.

The management of small or medium-size corporations, more subject to the shims of profit-minded absentee stockholders, may not seek to fulfill these community obligations. The consequences for the communities involved if Green Giant and Crystal Sugar own and operate their own farms may be less undesirable than the appearance of ABC Farms, Inc., owned by A from Missouri and B and C from New York, but operated by a resident manager.

It is quite possible to have farming corporations that are too small as well as to have individually-owned farms that are too small. It will be a tragic error