if we exchange a structure of family farms, thought to be too small by economic tests, for a structure of corporate farms that prove to be too small by social tests. We can have the worst of both worlds if we emerge from this period of change with a structure of medium-sized corporate farms, financially weak and socially irresponsible. Some of the recent growth in corporate farming points in this direction.

V. Policy Implications for the Control of Corporation Farming

Those who promote the conservation and preservation of wild life have an exceedingly strong argument in the irreversibility of the steps being taken. Once the Golden Eagle has been rendered extinct, they point out, man cannot recreate it. Man needs to be certain that its extinction is what he wants before he assists that process or does nothing to reverse it. So, too, with reference to the process of farm incorporation. There can be a point of no return. Theoretically, we could dissolve General Motors, Dupont, or Standard Oil, should we want to get rid of the corporate form and attendant bigness in industry. But practically speaking, could it be done? If farm incorporation takes place on too vast a scale before we have thoroughly studied whether or not incorporation will be in the best interests of the nation, we are heading toward an irreversible step.

The types of corporation farms that cause the most concern are those that owe their existence in part to the prospect of low taxes on capital gains. Our present tax policy results in a form of graduated and progressive subsidy to wealthy non-farm investors. One of the steps most clearly indicated is to examine the laws and regulations under which we tax assets and income in farming.

There is nothing sacred about the 25% ceiling on the tax on long-term capital gains. As it now stands, this relatively low ceiling is an open invitation to speculation in land. It is difficult to avoid the conclusion that much of the recent interest in farm investments by non-farm investors would fall away if the capital gains tax ceiling were raised, say, to 40 or 50 per cent. This 25 per cent limit on capital gains taxes is inconsistent with the principle of the progressive income tax and is distorting capital flows, with no clear benefit to the public interest.

To permit farm incorparation to proceed without control appears to be an unjustified gamble, on the basis of our present knowledge. The evidence points to the need for a policy of cautious experimentation that will include explicit provision for retardation of processes of farm incorporation until we have had time to analyze the probable long-run consequences. The evidence also underlines the need for more specific requirements regarding the identification and registration of corporate farming enterprises, and for the disclosure of more data regarding their corporate structure and behavior than is now available from public records. Articles of incorporation and (where required) annual reports to a Secretary of State are an inadequate basis for the protection of the public interest in this field.

The argument is sometimes made that it is unfair to single out farm corporations for special attention or regulation. The answer to this argument is that the nation's land resource base is still one of its most precious endowments. How it is owned and controlled is less important today, with 5 per cent of our population in agriculture than it was when 85 per cent were so employed. But the broad public interest in this land base had not diminished with the decline of agricultural employment. The danger today is not that we will overstress the importance of agricultural land policy, but that we will fail to safeguard the public interest in how our private lands are held. The regulation of farming corporations is of principal interest to non-farm people.

Senator NELSON. We will have one more witness before noon, then we will recess for 1 hour. The first witness will be a representative of NFO, Mr. Heeg.

Our next witness is Mr. Vernon Struck, the Wisconsin Council of Agricultural Cooperatives, Madison, Wis.

Mr. Struck, we are very pleased to have you appear here today. Do you have a prepared statement?

Mr. STRUCK. Yes, I do, Senator.

Senator NELSON. It will be printed in full in the record. You may present it in any way you desire.