

Another activity in which we are engaged is a study of farmland transfers and prices. Studies by the Department of Agriculture and the University of Minnesota show some of these trends as of the year 1967. Farmland values have increased about 7 percent in the year of 1967.

To augment this data, we have solicited the cooperation of rural real estate agencies and dealers in farmland. We have obtained replies from more than 100 such land agents and they indicate that farmland market values are increasing over 1967 by another 6 to 7 percent on the average this year.

In addition, some real estate men made estimates of the land value increase in dollars per acre:

Four reported prices \$5 an acre higher than in 1967; 16 reported \$10 an acre higher; six reported \$15 an acre higher; eight reported \$20 an acre higher; 16 reported \$25 an acre higher; one reported \$30 an acre higher; eight reported \$50 an acre higher; one reported \$60 an acre higher; eight reported \$100 an acre higher.

Our questionnaire also inquired as to whether the land dealers had knowledge of standing offers in their community by outside firms or investors to buy large tracts of farmland.

Twenty-seven real estate dealers said they were aware of such standing offers.

Eleven real estate dealers reported that a premium of \$25 an acre was being offered for land in large tracts.

Three reported a premium of \$50 an acre.

Five reported a premium of \$100 an acre or more being offered for large tracts of farmland.

Senator NELSON. You mean these offers of \$100 and \$50 and \$25 an acre were offered above the current market value?

Mr. ONSTAD. Apparently over the current market value of that particular acre being reported by this individual.

In the absence of time I am going to delete a short portion here and go on to the final conclusion.

These are, of course, isolated examples, but certainly, they raise the question of whether farmland is beginning to be overpriced in relation to its earning power and whether farmland may very well be priced out of the market for family farmers through the bidding up of prices by the investor buyers.

The apparent trend to higher prices, combined with excessive costs of borrowing due to high interest rates, can make it very difficult for operator-farmers to acquire farms and expansion acres.

In conclusion, if there is any one thing that we have learned in our deliberations so far on the task force, it is that the corporation farm problem has many aspects and that it will require a variety of remedies at the local, State, and Federal levels. There is no single solution to the problem, although it is quite clear that the corporation farms have made their greatest advances in the commodities in which there are not effective farm programs. Therefore, it seems obvious to us that an improvement in the Federal farm programs to make possible parity returns to family-type farmers would be the surest and quickest method of attempting to keep farmland in the hands of farm families.

Thank you, Senator Nelson, for allowing me to make this statement.