

volved as town chairman and so forth, which are removed, and the corporation could care less as to the activities of the area.

Fifth, it is questionable with absentee owners what attempts are made in conserving resources, perhaps not so much in our area where land ownership prevails, but in areas where land leasing is quite predominant.

So far I have discussed corporation farms as it appears when a farm is taken over as a whole, but I sincerely believe that our greatest threat lies not necessarily in this type of operation, but where a large firm is going just for a piece of the business. This goes unnoticed while the other is really quite eminent. The cases I now refer to are where large corporations are not actually engaged in the operation of livestock or crop production but are in the farm service and supply business. While they are attempting to assist the individual farmer, he is actually undermining some of the businesses located in the trade community of this particular farmer.

Now, these firms have a product or products to sell and in most programs, service is a primary factor. Just as in our bank we advertise full bank services, these firms attempt to offer a full service package to its customers with trained fieldmen to see that its intents and all its purposes are carried out. For instance, the corn seed salesman of today not only sells the farmer his seed corn needs, but also does the soil testing, he sells the fertilizer and herbicides and insecticides, but after he has met all of the above needs we find that this firm is ready or eager to finance a portion of it.

Many of our swine and poultry enterprises are handled very similar where the feed company not only furnishes the feed, equipment and the swine or poultry, but the building and financing as well. This perhaps is more correctly called integration, but it is still corporate oriented in our estimation, and is a great threat to many small communities as both the inputs and outputs are from the outside or go to the outside of the community except for a small fraction of the income left in the hands of the owner for his labor.

Professor Staniforth mentioned this morning that some of the farmers would have to pay off a hundred thousand dollar debt in a lifetime, and I think this has already happened, we see it in our bank, but they have accumulated assets of \$200,000 to \$300,000, so this is all, even here in a dairy area. There may be a question also here today as to what are the policies of our bank or what are the policies of other banks relative to restricting corporate farms. We have no policy relative to restricting a corporate farm as long as they meet the merits of individual ownership and individual borrowing. We feel it is permissible to, and worthy of extended financing. However, the one policy which we do have is that we do not lend to absentee ownership and therefore restricts corporate farms from our large operation.

Senator NELSON. You do not loan to absentee owners?

Mr. PICKERIGN. It is a policy of our bank not to loan on an absentee basis. However, on the basis of family corporation and other local corporations we have been involved with this.

Senator NELSON. How long ago did you establish that policy?

Mr. PICKERIGN. Since I have been there, Senator, because there was