

Steadily decreasing profits on each unit of production have forced the producer to get larger, or quit. This trend of larger farms is not all bad, but we need direction as to where agriculture should be headed in the future. Modern technology enables one man to produce more with his labor. Therefore, some increase in the size of operations is warranted. However, his labor should net him a reasonable return. We feel that the economic situation faced by farmers has forced them to expand operations in order to try to earn additional income to keep pace with the economy. This, coupled with the entry of nonagricultural interests into farming operations, has given us overproduction. Since supply and demand influences farming receipts, this overproduction has resulted in severe losses during some years; 1961 and 1967 are notable examples in the turkey industry.

When a nonagricultural interest goes into farming, profit should be the motive. However, we have seen such companies enter into or expand turkey operations during years where there was little or no profit potential. This leads one to feel that profit, for a specific year at least, is not the only motive. They may not wish to reduce production levels due to the need to make full and economical use of labor and facilities, but this still does not explain why production would be increased or started when profits are not forecast.

There is a feeling that some companies hope to push the small operator out of business and gain a large share of the industry in the future. By so doing, they could gain some control of supplies, and prices as well.

The Wisconsin Turkey Federation feels that an individual producer can produce turkeys just as economically as any large company. Each can make a profit when prices are reasonable. However, the widely diversified company can withstand losses by transferring portions of them to other, highly profitable operations. They have an additional advantage with our present tax laws, which allows the deduction of losses from farming operations from the profits of other operations under the same corporate structure, to reduce the tax load. The Wisconsin Turkey Federation has been concerned about this practice for some time. In March, the group asked that a resolution be drawn up; as follows:

Wisconsin Turkey Federation Resolution 1968-C.

Whereas current tax laws permit diversified companies to deduct losses of one operation from profits of unrelated or distantly related operations under the same business structure to reduce their tax load;

Whereas losses on farm production operations have often been treated in this manner;

Whereas this practice has encouraged diversified companies to enter or expand their farm production operations in the face of no potential for profit;

Whereas the small, independent producer does not have this tax advantage opportunity;

The Wisconsin Turkey Federation believes that the elimination of such practices would afford protection to the individual farmer by removing the incentive to expand except when prices and markets indicate such expansion to be potentially profitable.