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The Inefficiency and Inequity of the Proposed Rules and Regulations on Acreage Limitation on Bureau of Reclamation Projects

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by Jay D. Anderson [2/]

Yes, Mr. and Mrs. American and Virginia, there is a Santa Claus. He is the big guy. Not the one with reindeer and a sleigh. He is the big guy on the tractor. Over the years, it's this man who has been largely responsible for the standard of living you have attained.

Consider various countries in the world. Those where the standard of living is high are where the farm sector has been sufficiently productive to release most of the manpower to the industrial and service sectors. Developing countries that include most of the people of the world are bound down to a majority of productive workers in the country producing the basic food and fiber for the rest of the country.

In the United States, the statistics are most impressive in that we have moved from 95 percent rural population 200 years ago to where we have one farmer feeding 57 at the present time. (Average annual farm employment was 4,375,900 [3/] in 1976, or just about 2 percent of our 220 million plus people.) This change is what has made the United States and a few other countries so affluent and able to share with the rest of the world. Table 1 indicates the change in total and farm population for the U. S. since 1910.

[1/] Presented at American Farm Bureau Meeting, Denver, Colorado, October 18, 1977.

[2/] Professor and Head, Department of Economics, Utah State University, Logan, Utah 84322

[3/] U. S. Department of Agriculture, FARM LABOR, August 25, 1977, Washington, DC.

Table 1. Population: Total and Farm, United States, 1910 to 1975.

Year	Total Population	Farm Population	
		Number	Percentage of Total
	(Thousands)	(Thousands)	(Percent)
1910	91,885	32,077	34.9
1915	100,191	32,440	32.4
1920	106,089	31,974	30.1
1925	115,402	31,190	27.0
1930	122,775	30,529	24.9
1935	127,057	32,161	25.3
1940	131,820	30,547	23.2
1945	139,583	24,420	17.5
1950	151,132	23,048	15.3
1955	164,607	19,078	11.6
1960	180,007	15,635	8.7
1965	193,709	12,363	6.4
1970	204,335	9,712	4.8
1975	213,135	8,864	4.2

Beginning 1960, includes Alaska and Hawaii

Total population figures include the Armed Forces overseas

Source: U. S. Department of Agriculture, Ag Statistics, 1962 and 1976.

See Figure 1 for the trend since 1930. U. S. farm population is less than one-third of 1940. Note that farm employment has declined in similar fashion as shown in Table 2.

What has done it? What has made the difference? I would enumerate the following as having made our agricultural system really work:

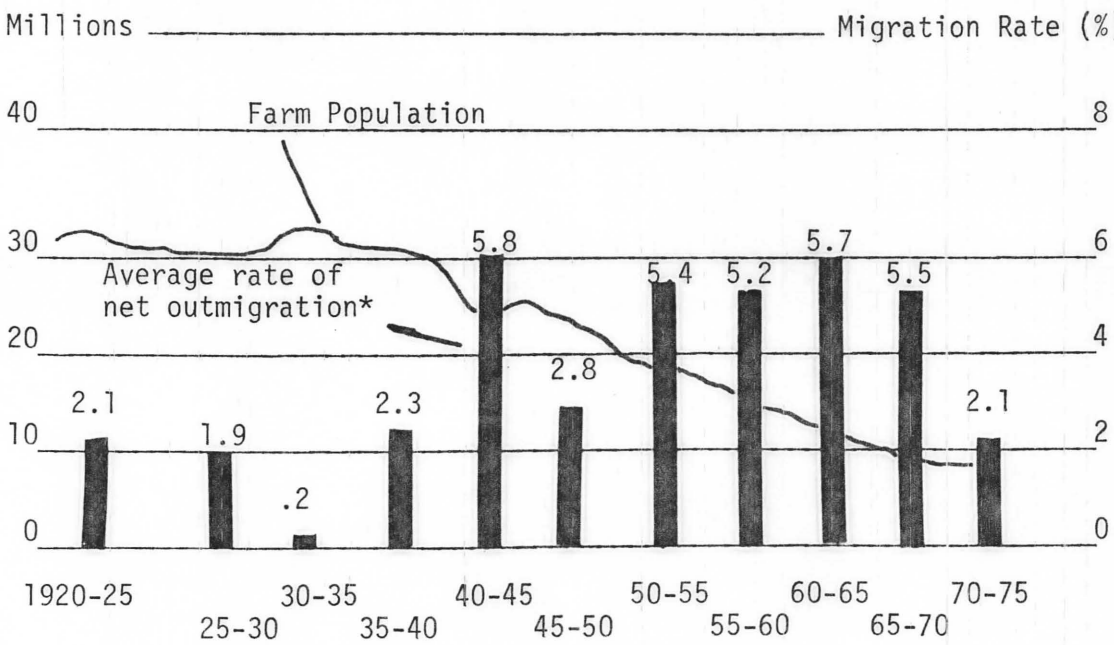
1. A vast and fertile frontier. Unquestionably the availability of new land and other resources has contributed mightily. We have all been benefited to live in a place where the natural resources have been abundant.

2. Technology. As resources have been released from the farm, great minds have been able to invent and build equipment. Just last Saturday I visited a farm shop where a retired farmer was tinkering with an old, early 1900's vintage one-cylinder gas engine. He had quite a collection of these antiques. He said, "You know, these gadgets are what set it all off. They got us started to where we could really go at this rat race." Machines have replaced workers on the farm.

3. Incentives. The reward system based on a competitive market has been the driving force to make the resources and technology pay off. The machines have been adopted out of promise of a payoff. Even today there are countries with the know-how and resources, but the change does not occur because of a lack of incentives to those who could do it all.

The system has been so effective that the government has sought to modify the market system by diverting commodities to attempt to support prices. Thus our friend and benefactor, the farmer, has worked so effectively that he has hurt himself. The American consumer has enjoyed the benefits. Over the years the proportion of consumers' income devoted to food purchases has fallen from a majority of income to under 20 percent. Interestingly enough, most of the changes in the farm sector have occurred since the frontier was closed. Acres in farm crops has not increased greatly in this

Figure 1. Farm Population and Migration 1920 to 1975



*Based on annual average net change in population through migration per 100 persons in the average April farm population for the period indicated

Source: Vera Banks, Farm Population Estimates for 1975, Ag Econ Report 352, Econ Res Service, U. S. Department of Agriculture, Washington, D. C. October 1976.

Table 2. Farm Employment: Average Number of Persons Employed on Farms, 1929 to 1976

Year	Total Farm Employment		
	Average Number of Persons	Index 1910-14 = 100	Index 1967 = 100
	1,000 Persons		
1929	12,763	94	261
1930	12,497	92	256
1935	12,733	94	261
1940	10,979	81	225
1945	10,000	74	206
1950	9,926	73	203
1955	8,381	62	172
1960	7,057	52	144
1965	5,610	41	114
1970	4,522.6	33	92
1975	4,357	32	89
1976	4,375	32	89

Source: U. S. Department of Agriculture, Ag Statistics, 1972 and 1976.

century when the great lift has been given to consumers. Cropland used for crops increased by less than 3 percent from 1910 to 1969. 4/ Yet production has increased markedly. We could also mention the boost that exports of agricultural commodities has given to the country's balance of payments problems.

Farm size has increased dramatically since 1900. (See Table 3.) In reality, the change is even more dramatic. In Utah, we consider that of all the 12,000 plus farms, only about one-third are full scale commercial farms. These are, of course, the larger farms. Others are often part-time and hobby farms or rural residences. So, the actual acreage per real farm is much larger now than the average calculated and shown in Table 3. Back at the turn of the century, farms were relatively uniform with few of the exceptional part-time and hobby units. Times have changed since 1900, but the most pronounced change has been during the last 30 to 40 years.

What has been the impetus for fewer and larger farms, and for fewer farmers?

It relates to the economics of size. Every study of farm size of which I am aware, indicates declining average cost per unit over a major portion of the usual sizes. Studies of the U. S. and from many states indicate that the pattern is quite uniform. The next two figures are just illustrations of these data. Figure 2 is a U. S. average and Figure 3 pertains to growing potatoes in Idaho. Because of the economies of size possible in some enterprises, a farm half as large as another more efficient one may have machinery and production costs as much as two thirds as large in total and much higher on a per unit basis.

4/ U. S. Department of Agriculture, AG STATISTICS, 1976. USGPO, 1976.

Table 3. Change in Farm Size in the U. S., 1910-1969

Year	Average Size of Farm 1/
	Acres
1900	146
1910	138
1920	148
1930	157
1940	174
1950	215
1954	242
1959	303
1964	351
1969	390

1/ Total land in farms divided by number of farms

Source: U. S. Department of Agriculture, Ag Statistics, 1959 and 1976 USGPO 1959 and 1976

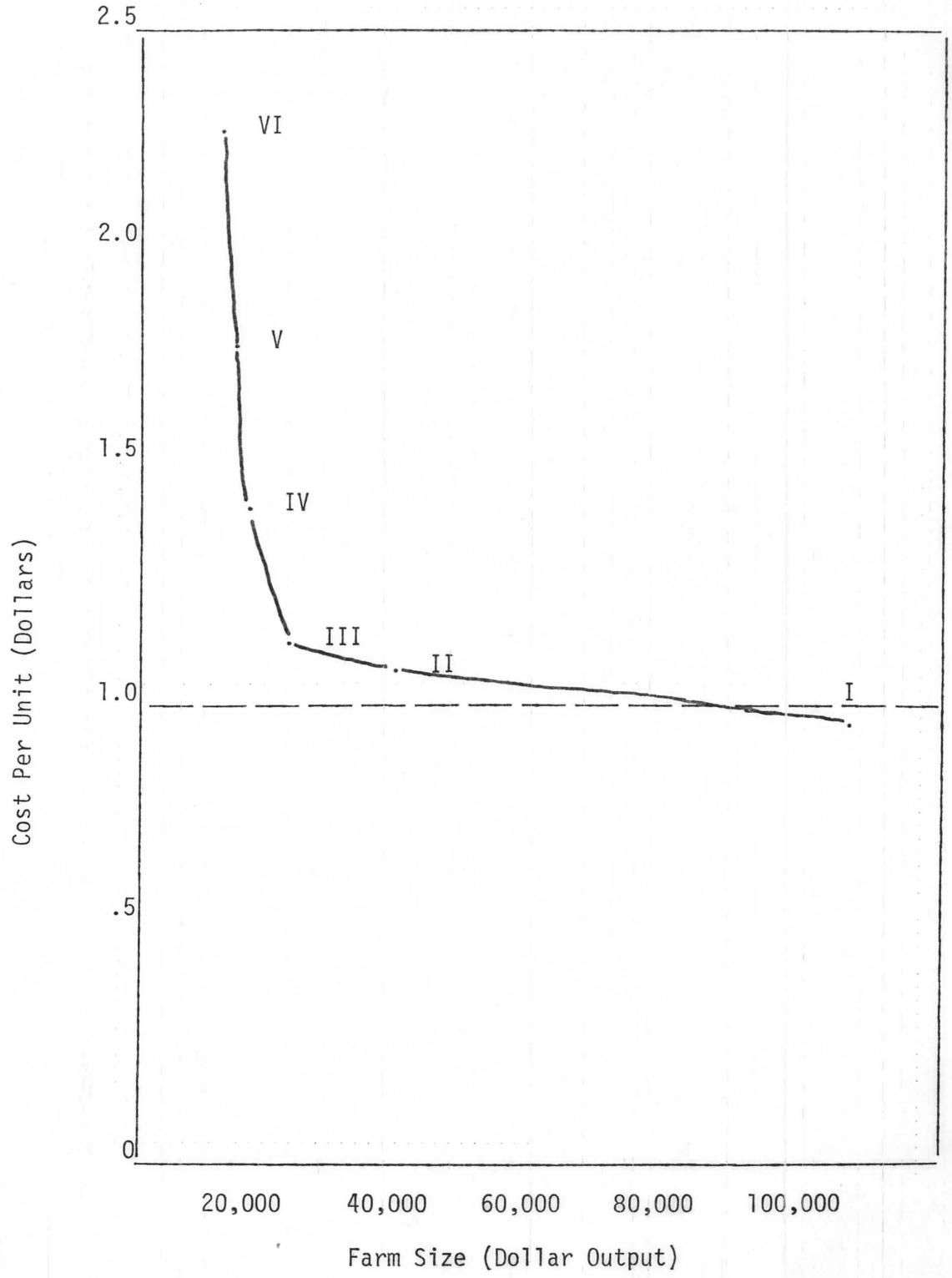


Figure 2. Long-run Cost of Farm Production, by Economic Class of Farms in 1965.

Source: Luther Tweeten, "Economic Factors Affecting Farm Policy in the 1970's" in A Review of Agricultural Policy--1970. Ag Policy North Carolina State University, 1970. p.

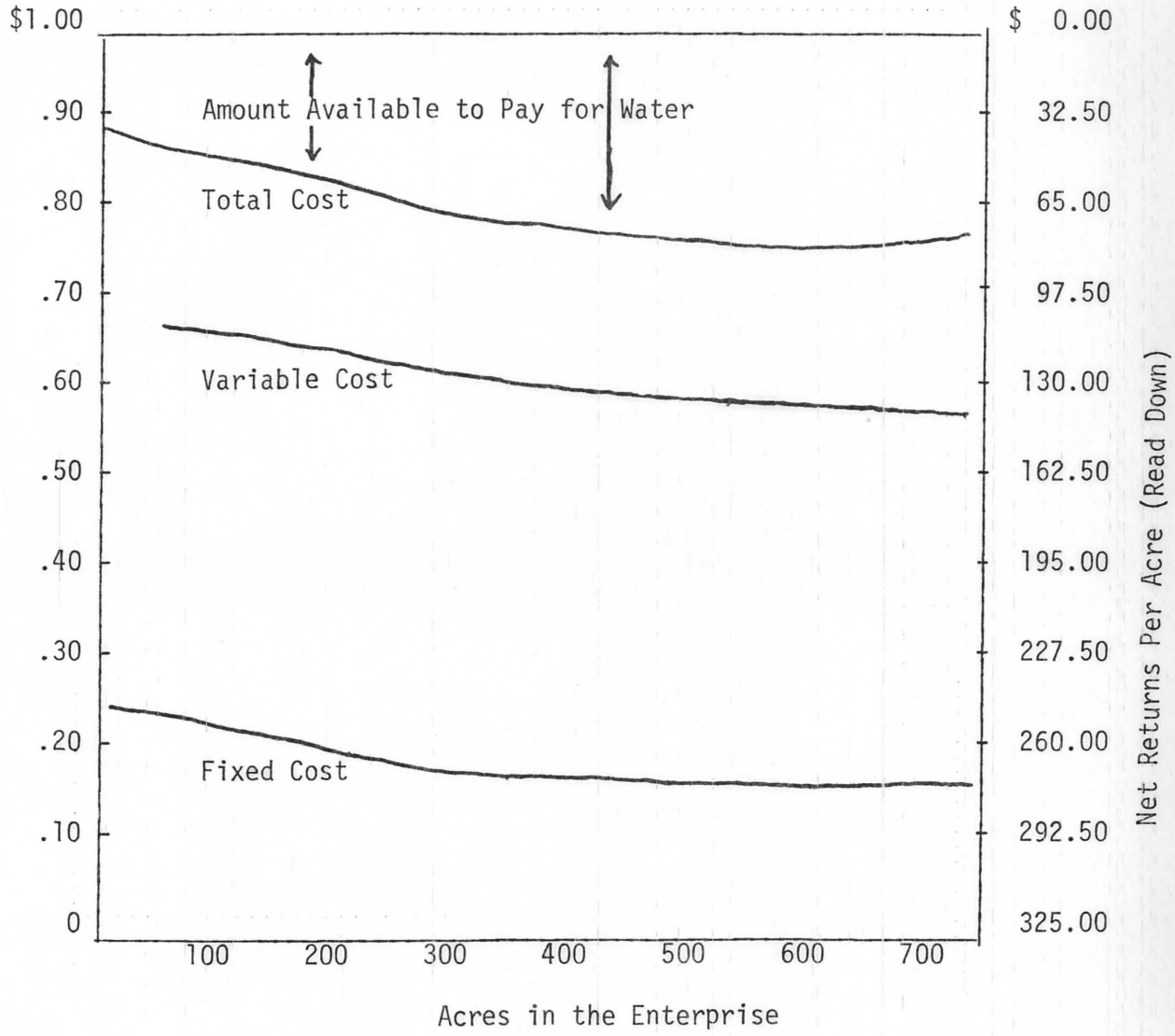


Figure 3. Long-run Average Cost Curves for the Potato Enterprise (Estimated by Curvilinear Regression)

Source: Arthur Coffing and Karl H. Lindeborg, Relationship Between Farm Size and Ability to Pay for Irrigation Water. Progress Report #112. Ag Exp Station, University of Idaho, Moscow, Idaho. p. 15

Most of the studies indicate a flattening out of the cost curves at fairly good enterprise size. This often leads capable managers to correctly reason that if management returns on a moderate size farm are a meager living, then doubling the size will at least double the returns to management. It often happens in that way. This leads to further incentives to increase farm size even though most economies of size can be mostly realized at smaller sizes.

Now, the question is, what will we do with this farm production machine? The great private enterprise system has been so effective. Will we encumber it with new restrictions?

As an economist, it is clear to me that when restrictions or impediments are placed in the way of the system, then losses in efficiency and an impairment in the productive capacity occur. I would contend that the functions of government in regulating the workings of the system can be limited to preventing one person from harming another. This should be broadly interpreted. Harm can be in various capacities. One is, of course, a matter of personal violence. Our police forces are called on to regulate how we deal with each other in matters of honesty and safety. But the matter of economic harm is also important. I would argue that it is a legitimate function of government to prevent harm to consumers from monopolistic practices and to prevent incremental social costs from pollution (or other similar problems) which exceed the incremental value of production. Too, there are many activities such as national defense and certain large undertakings that cannot be captured in private ventures, which are also legitimate government functions and that do not interfere with the system of private enterprise. Thus, as a matter of personal preference and as a professional economist, I would assert that the appropriate role of government has limitations short of enforcing an outmoded acreage limitation and short of other

encroachments where rights are not endangered. Regulations, standards, quotas, and limits are inferior to incentive systems and market forces where there are options. In general, government constraints inhibit the production and marketing system from producing most efficiently to meet the demands of society.

Contrary to popular opinion, controls and limits may confer special privileges on an elite group, rather than the reverse. It would appear that the 160-acre proposal would lead to special privileges to some and taking of values from certain groups. This will be explained further.

Even if a purpose of limiting farm size is accepted, acreage is a very poor indicator of size. A 160 acre chicken ranch is immensely different from a 160-acre grain farm. Climate also makes a big difference. Even though in 1902 the 160- or 320-acre size was a reasonable maximum for most any kind of enterprise, it is not generally so now.

The definition in the proposed rules provides for exempt land if a general pattern of family size farms has developed. It seems to me that it is a rational argument that can stand up in testimony and cross-examination that the "family farm pattern" that has developed in many areas is for farms of larger size than is allowed under acreage limitation restrictions. Leasing is a large factor in many areas in combining ownership units to efficient size.

Food costs would be affected by a program that forces farm operators to operate at higher costs. Surely the consumer, as we pointed out earlier, has benefited from the system we have. To roll back to a more primitive time will put the pinch on consumers.

Efficient water use practices as in some of the new technologies are simply not feasible for small farms. They are adapted to full sections and even larger size operations. Therefore, loss in water use efficiency will

occur if the restriction on acres is applied.

Some farm equipment is simply too expensive for small irrigated farms. Cotton pickers and combines are examples. Some possibility exists for custom work or sharing, but there is a problem in timeliness and in finding someone willing to own these machines for custom operation. Most small operators can't finance them. Banks will be unwilling to loan the amounts necessary for farm operations, as well as machinery investments, especially to prospective new small farm operators.

Owners of land of acreage limitation size and less have discovered it to be much to their advantage to lease their land to other operators who are usually also land owners who can then operate an economic unit. Forcing compliance with the acreage limitation would reduce income of owners of small tracts by eliminating the possibility of leasing to efficient operators who can pay substantial lease payments because of their abilities to operate added units of land at less cost than the first small acreage, thus leaving substantial amounts that can be paid for leased land.

Inputs to agricultural production are lumpy. As one example in an area we have considered briefly, a $50,000 cotton picker can handle 250 acres of cotton. The operator must rotate this cotton ground with other crops that require a $50,000 combine. The grain acreage for rotation requirements and for efficient use of the combine may require use of a two picker (500 acre) cotton enterprise to balance out. Thus, the efficient size of enterprise does not fit the acreage limitation criteria.

Imposition of the acreage limitation would place operators using USBR water at a substantial disadvantage as compared to other farmers and may drive costs of production up to where they cannot remain in business. This would certainly defeat any purpose of "people on the land."

The technology of farming is very sophisticated. Operating costs (annual out-of-pocket expenses) are very high. Potential small operators neither have the available capital, nor would lending institutions provide it, for making a crop. Particularly in sme parts of one District we looked at, the uncertainty of water supply is so great that small operators with limited capital could not bear the costs of even one bad year. Great capital reserves are necessary to operate in these circumstances.

In one project, because of the poor quality and uncertain quantity of water (which the Bureau supplies), the crops are limited to tolerant varieties as contrasted with less salt and drought tolerant intensive crops. In turn, this leads to economic forces that make large-size farming units viable and small-size operating units unprofitable. Thus, the government-supplied inputs contribute substantially to the situation, which the "acreage limitation" would purport to correct. To do so would seem highly inconsistent and myopic.

Because of the economic relationships and without interference from the government, operators have built up equity in land, machinery, and even personal know-how (which is surely a capital good) to operate fairly large acreages. To reverse the policy will deprive these operators of their source of income, which they have wrested from an often hostile environment. In some projects this includes poor quality of water of uncertain availability.

Government regulations assume rational, law-abiding, prudent citizenry. For example, speed limits are not set lower than a majority of drivers travel. Farm operators, too, act very rationally. They will seek appropriate and efficient levels of operation. Interference with this self-interest impairs the capabilities of the food and fiber sector to produce the nation's needs.

I see no difference between this acreage limitation proposition and the confiscation of property rights that occurs in land reforms as socialist

regimes take over in Latin America or other places in the world. It is inequitable, inefficient, and not worthy of a country like the United States.

Some inferences have been made by the Secretary of Interior that all lands receiving water that flows from public lands would be subject to the rules. This would create a problem of grand proportion throughout the West. Essentially all of the surface water that is diverted is mixed with water flowing from public lands.

The government has given implicit consent to the enlarging size of farms on Bureau projects. People have made substantial investments based on the observed behavior of government. To arbitrarily begin to redistribute the wealth and income created over years is unfair to operators who have tried to make a living. The nature of farming makes larger equipment and larger sizes pay off better as shown in the previous cost curves.

There may be some who would argue that farm operators who receive Bureau of Reclamation project water have received a windfall of cheap water; and, thus, they have received an unwarranted benefit that should somehow be given back to all the people. In many projects the idea of cheap water is unwarranted since project water is difficult to sell. These projects were developed based on the repayment capacity or financial ability to repay.

Look at the "financial analysis" that occurs at the beginning of a project. Water delivery price is assessed on the ability to pay. Ability to pay includes an analysis of returns to labor, capital, and other resources. It implies that water is priced at a price that can be afforded in producing crops. It implies that when the price of water is less than cost of supplying it, that all consumers are paying this subsidization through the authorization and funding in Congress to get cheaper food and fiber and for whatever other values they may see in land and water development. Users pay on the basis of value of the water in their

production process. There is not implication that the government is subsidizing water to the project users, which they would pay if government did not. Over time as a project is developed and becomes more productive, indeed, the farmers might well be willing to pay more for water rather than go without it. But, by this time land has usually changed hands and any such surplus values in water are capitalized into land values.

In the aggregate, if production has increased it can be shown that consumers have been the primary beneficiaries, not farmers. Thus, we would not necessarily recommend now or in the past that all reclamation projects be developed. Probably much more careful analysis is appropriate for the payoff to the irrigation purpose.

But let's assume away these problems and evidence that a windfall has not occurred and accept a presumption that original recipients of project water may have received some windfall gain. As always happens, the value of the land to which this project water is available immediately takes on an inflated value. Thus, the original owners may have received a windfall in their wealth position. I have no data on the proportion of project farms still held by original owners who held land at the time of development, but would assert that overall the proportion is very small. Therefore, it is too late to do anything to reclaim for society any of these windfalls. By actions or lack of actions the government has given consent to combinations of farms by purchase and lease. Those who now operate the land have paid a full price for water in the form of capitalized values of land for purchase or lease. Enforcement of the 160 acre limit would serve the same purpose as a tax on the land because of the loss of efficiency due to scale economies as shown earlier. Current operators would be penalized unfairly by this land and income and wealth redistribution scheme. The confiscation of lands by forced sale at depressed prices is even more serious than the cost increase imposed.

The concept of limiting size of farm because of some supposed early-government support is inconsistent with other government programs. Do we limit a merchant to 1,000 square feet of store space because he received a Small Business Administration subsidized loan to get his start? How absurd! Or do we limit a surgeon to three surgical procedures a week because he did not personally pay the full cost of his medical schooling? Nonsense. It would seem to me that there is not any better argument for limiting farm size.

In a Montana study, financed in part by the U. S. Bureau of Reclamation, it is concluded:

> The 160 acre farms in the Helena Valley and Milk River Valley and the 320 acre farm in the East Bench Unit all return less than $9,000 to labor, management, and real estate. These farms are thus unable to support a family even with no real estate debt load. The 160 acre farm in the Lower Yellowstone Valley and Huntley Project, however, might be able to support a small family if there were no real estate debt payments to make or interest charged on land investment. The average size farms in each area are much more financially sound and able to support a family than the smaller farms.
>
> Based on the results of this study, it is recommended that the Reclamation Law be modified to allow irrigated farms on federal irrigation projects to be of sufficient size so that they are economically sound, self-sustaining units. As evidenced by this study, sufficient size varies from area to area. A simple blanket increase in the acreage limitation, then would not be desirable. If any acreage restriction at all must be imposed, it should be determined separately for each project, or category of projects, and be subject to periodic review. The problem is not a simple one. Enforcement of a simple policy expressed in terms of physical acres can only result in economic confusion for both individual farm families and the Montana economy which depends so heavily on agriculture. 5/

In summary, perhaps an effective argument can be found in considering the Acreage Limitations Proposed Rules themselves as published in the Federal Register on August 25, 1977. On page 43046 under "definitions of

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5/ Luft, LeRoy D. and Joseph F. Guenthner. 1977. "An Economic Analysis of 160 acre Limitations on Irrigated Farms in Montana." Montana Ag Exp Station Research Report 104, Montana State University, Bozeman.

exempt land," it is stated, "Exemption may be based on determination by the Secretary, upon payout of construction charges, that a general pattern of family-size ownership has developed." There is strong evidence that the family-size ownership has changed much since the rule was made. But, the exemption is appropriate whether construction charges have been fully paid or not.

The proposed rules and regulations purport to provide for the following objectives of the Reclamation Act:

1. To provide opportunity for maximum number of farmers on the land
2. To distribute widely the benefits from publicly supported reclamation
3. To promote the family size owner operated farm
4. To preclude the accrual of speculative gain in the disposition of excess land

These will be discussed individually as follows:

1. Maximum number of farmers. Many landowners in projects have found that they cannot make an adequate living. They cannot and, in my judgment, should not be forced to stay. They have been and should continue to be able to sell or lease their land to those who could make a living, who often hold excess land. Should these small owners be forced off the land by imposition of acreage limitations that limit their options? Lease payments and sale prices would almost certainly fall.

Acreage limitations would place operators using project water at a disadvantage as compared to other farmers in the country. It may drive their costs of production up to where land will be sold for non-farm purposes or simply drive these people out of farming. Such a policy would really defeat an objective of "people on the land."

2. Distribute benefits widely. As we pointed out in the early part of this paper, the consumers are the main beneficiaries of land and water

development. It is hard to spread the benefits more widely. Distributing the benefits widely also bears consideration for those who choose to own small tracts and lease them.

3. Promote the family farm. A uniform acreage size requirement for every kind of farm all over the country is unreasonable. In some areas 160 or 320 acres is large; and in many more, it is very small for a family. In the Homesteading days, it was certainly a large acreage. But, times have changed. It can be shown from studies all over the country that there are economies of size in operating larger units. For many of these studies the cost per unit of production shows substantial decline in cost in going beyond acreage limit size. For other studies the further decline in cost per unit is negligible. But, operators have combined acreages so as to achieve more family income. Most of the studies indicate a poor or at best marginal income at "acreage limitation" size. People have chosen to sell or lease their acreage if they have been unable or unwilling to increase their acreage on many projects.

There is an implied argument that spreading people out on the land has merit because of farming being a superior way of life. "Better quality individuals are produced because of this agrarian background" seems to be the argument. This contention wears thin if people are placed in an environment in which the forces of economics have passed them by. There would be insufficient family income for cultural amenities and recreation. The "quality of life" as we now know depends on satisfactory income. Forces of economics have moved us beyond the small farm's being a way of life.

4. Preclude speculative gain. It was shown earlier in this paper that any possible speculative gain from project development was unlikely.

The factors of production were priced out so that the analysis of repayment ability did not provide for speculative increase. General inflation in land values on project or any other land has certainly enhanced the wealth position of long-time land holders. Improvements on the land (such as wells to augment uncertain project water supplies, land leveling, and efficient irrigation systems) have immensely increased the investment in project land as well as the value of the land. Sale to recover this increased value is not a speculative gain, even if it involves the original owner of project land. Neither is there speculative gain if the seller has recently purchased the property at the inflated values with improvements on the land. That which would provide for speculative gain is to force a cheap sale to a party who has not made the investment or taken the chance on inflation or deflation. This party is the one who could indeed realize a speculative gain. Even if we were to admit that some windfall has been wrongly conferred, a second round of wrongs would not be called for.

Thus, we have shown that the proposed rules and regulations mostly run counter to the objectives of the act. If the program is not consistent with its own objectives, there can be no justification for its implementation.

Two tests of a policy or change in policy are appropriate. Efficiency and equity should be required for implementation of policies, programs, and rules. The weight of evidence is that the proposed rules on acreage limitation are neither efficient nor equitable.

I would join with the Public Land Law Review Commission in urging an abandonment of outmoded and harmful rules on acreage limitation, residency requirements, and form of business organization. From the report from this diverse and distinguished group as they wrote on the use of public lands, the following is taken:

Consideration of Restraints

Recommendation 71: The allocation of public lands to agricultural use should not be burdened by artificial and obsolete restraints such as acreage limitations on individual holdings, farm residency requirements, and the exclusion of corporations as eligible applicants.

The agricultural land laws contain a number of restrictions designed for the settlement objectives of those laws. The principal limitations deal with individual acreage holdings, residency requirements, and the ban in some cases against corporate farming.

We can understand the reasons that led to the use of such restraints in the agricultural land laws. But our review has convinced us that the continued imposition of limitations that were designed for an earlier era is not wise and that great care must be taken in imposing new limitations. The great speed with which changes in technology and the organization of agriculture take place today can make policies that appear to be modern obsolete within a few years....

Acreage Limitations

In the Reclamation Act of 1902, Congress set a maximum limitation of 160 irrigable acres of land for a farm unit established on public land within a reclamation project, but the Secretary of Interior was given authority to limit the individual public land farm unit to a lesser amount. The size of the farm unit is based upon the sufficiency of each unit to support a family and repay to the reclamation fund the charges apportioned to the land.

...The changes which have taken place in the size of farms in the 17 western states since about 1935...is not at all consistent with the restrictions in the land laws that limit the acreages made available to an entryman. Between 1935 and 1964, the percentage increase in farm size ranged from 71 percent in Nebraska to 742 percent in Arizona. Farm size doubled in virtually all of the 17 states studied, and the increase in four states was about threefold.

...Moreover, the average size of irrigated farms demonstrated the same characteristics. Although, as a general rule, only a small part of irrigated farms was actually irrigated, 10 of the 17 western states had irrigated farms averaging more than 1,000 acres, ranging up to 4,706 acres in Arizona.

The sizes of these farm enterprises are consistent with agricultural technology today but will probably be too small in the near future. Modern labor-saving machinery is costly and must be applied to larger acreages

in order to achieve reductions in unit costs. A substantial increase in the size of the farm and a significant decline in the number of farms are the inevitable results of improvements in technology.

The Commission recognizes the desirability of permitting relatively small farmers and potential farmers access to Federal lands. But this objective requires more imaginative solutions than simply limiting the total amount of acreage that can be owned by a single person or firm. The amount of land transferred for intensive agricultural use should not be subject to such restrictions.

Federal lands, if suitable for allocation to agricultural use, should be sold in units small enough to allow relatively small farmers entrepreneurs and potential farmers to compete for them on a meaningful basis. If Federal land disposal policy for lands potentially useful for intensive agriculture is designed so as to avoid excluding smaller enterprises, then lands must be offered in units that will permit bidding by others besides large firms and wealthy persons, but will still be large enough for efficient operations. Because the minimum farm size necessary for efficient operation will vary from region to region, the final determination of optimal size offerings should be made regionally. In some situations, disposal units of 80 acres might be appropriate; in other cases, because of the physical and hydrological characteristics of the region, 640 acres might be the optimal size of land offerings.

To assure that the limitations imposed in each area are consistent with the realities of farming, we suggest that state and perhaps local governmental institutions be involved in the determinations. The agricultural experiment stations of the land grant universities would be particularly useful, as would the extension agents located in each county....

Residency Requirements

Residence on farms should not be a prescribed condition for intensive agricultural use of Federal lands. The homestead laws require that the entryman construct a habitable house upon the land, establish residence within six months, and, except for certain circumstances, maintain his residence there for at least seven months out of each of the next three years. Desert land entrymen must have established a residence in the state in which the desired desert land is located.

Because settlement objectives, as noted previously, can no longer be of major importance to public land agricultural policy, residence as a condition of eligibility to acquire agricultural lands is anachronistic and loses significance. But more importantly, residence requirements can restrict the operation of public land agricultural policy in a way that will lead to inefficent farming.

> We see no reason why, for example, Federal lands in a state should not be made available equally to a resident of the state and to a nonresident who desires to establish a farm in the state. Neither do we see, in this day and age, when many farmers live in towns and commute to work on their farms, why Federal land should be made available only to those who promise to live on the land.
>
> Corporate Farming
>
> The corporate form of business organization should not be excluded from participation in the distribution of Federal lands for intensive agricultural uses.
>
> Under the homestead laws and the Desert Land Act, corporations are not permitted to acquire agricultural land. But there appears to be no compelling reason to continue to discrimate against the corporate form of business organization in disposing of Federal lands for intensive agriculture. Not only is such discrimination inequitable, it also risks gross inefficiencies by ignoring the technology and size requirements of modern agriculture and the fact that many small farms are now operated by family corporations in order to secure advantages under tax and inheritance laws....
>
> We recommend that cultivation requirements be used for a limited period of time to minimize speculation on lands disposed of for agricultural use. We generally oppose restrictions on land use after title passes from the Federal Government to a purchaser who pays market value for the land. However, in some instances, including the disposal of land for agricultural purposes, we believe it is desirable to assure the dedication of the land to agricultural use for a prescribed time period.6/

Among my acquaintances very few get concerned about these proposed rules and regulations. The general reaction is, "That can't happen here." But, I consider this proposed action as a landmark. If this kind of threat to property rights and impediments to the economic system is allowed to be imposed, there may be no end to the downward spiral of our incentive system that drives the economy of the country.

I am not without compassion for those who do not share fully in the fruits of our economic system. They should be given opportunity and help. The method for their help, however, must be more direct and widespread

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6/ Public Land Law Review Commission. One Third of the Nation's Land. Report to the President and to the Congress, Washington, DC, June 1970, pp. 182-184.

than can be provided by this proposed agrarian reform. Let's not cripple the goose that lays the golden egg. If society wants to effect an income support program for the underprivileged, then let us come up with a less dangerous but more useful, equitable, and efficient way of doing so.