as a share of the total. People's stomachs are limited in their capacity, and whereas in our own early history agriculture probably accounted for 90 percent of our GNP, today it accounts for less than 5 percent. I do not think that bears at all on the average income position of farmers. It merely reflects that as incomes rise we spend the larger part of it not on additional food and fiber but on other products that are available. The most crucial figure, as far as I am concerned, on the farm situation is the average income per farm and that is the figure to which we refer. We will, however, be very happy to undertake an analysis of the document.

Senator JORDAN. I wish you would. I will present you with this book. I wish you would have it analyzed and come back with an official answer perhaps to some of the points I have raised.

Mr. ACKLEY. We will be glad to.

Senator JORDAN. My time is up, Mr. Chairman.

(The CEA subsequently supplied the following memorandum for the record:)

MEMORANDUM FOR THE RECORD IN RELATION TO THE STATEMENTS AND STATISTICAL INTERPRETATIONS MADE BY MR. FRANK M. LE ROUX IN HIS PUBLICATION ENTITLED "1961 THROUGH 1965—THE FARMERS' WORST 5 YEARS"

We wish to be very clear in stating the Council's concern for the income levels and the progress of farm people. When we report recent gains in net farm income, we do not mean to imply that no further improvement is possible or desirable. Likewise, some farmers have moved ahead more rapidly than the average, others have fallen behind. All this we recognize fully. But this should not detract from the fact that the average net income per farm has increased substantially, as pointed out in our Annual Report. In his publication, Mr. Le Roux relies heavily on the use of percentages and ratios which in most cases have little relation to the net income position of farm people. His interpretations are not supported by professional analysis. In fact, his interpretations and conclusions are quite misleading.

For example, he uses as evidence that these were "the worst five years" the fact that net farm income represented the lowest share of the gross national product in history. Using this criterion, the same could have been said in 1960 of the preceding five years, or, indeed, at almost any time in our history. With a rapidly expanding gross national product, it is almost certain that this will hold true for future years. This should not be surprising when we know that agricultural employment dropped from 5.7 million in 1960 to 4.2 million in 1966 while nonagricultural employment increased from 61 million to 70 million in this same period. Mr. Le Roux fails to point out the rapid technological improvements and the great increases in efficiency of U.S. agriculture, the growing number of large commercial farms and the declining number of small, marginal units.

Mr. Le Roux says that while "National Income Soars—Farm Income Stagnates." This is simply not in accord with the facts. Realized net farm income was $11.7 billion in 1960 and rose to $14.2 billion in 1965. It rose further, to $16.3 billion in 1966. This is not stagnation. Furthermore, the per capita income of farmers has increased at a faster rate since 1960 than has that of the population generally.

Another measure used by Le Roux is realized net farm income as a percentage of realized gross farm income. Farmers have been using relatively more purchased inputs. The percentage that net is of gross has actually been quite stable since 1957, moving within a range of 30 to 33 percent. However, over the longer run, as the use of purchased inputs has increased, realized net income as a percentage of realized gross has been declining. But a stable or even declining percentage of a rising gross income can lead to marked improvement in the net income position of farmers. Farm 1961 through 1965, realized gross farm income increased by $5.35 billion, production expenses by $3.72 billion, and realized net farm income by $1.63 billion. Net as a percentage of gross was near 32 in both years.