NATIONAL GRANGE

By Harry L. Graham, Legislative Representative

The Economic Report of the President and the Annual Report of the Council of Economic Advisers transmitted to the Congress in January of 1967 is of particular interest to the agricultural sector because it reveals the discrepancy between the return farmers receive for their inputs and that received by other segments of the economy, and because the report appears to find satisfaction from the reduction or stabilization of farm prices while it makes various rationalizations for the increase of the wages and profits, ultimately transferred to the farmer in terms of his costs of production.

The importance of agriculture is pointed up in a number of ways. One of them is that of the total of $28.961 billion of merchandise exported from the U.S. during 1966, $6.7 billion of this was for agricultural products—some 23 percent of all exports. Indeed, almost 20 percent of the total exports for dollars were from agriculture alone. The disparity between agriculture and the nonagricultural sectors shows that out of a $42.7 billion realized gross income from farm sources, the net to farmers was $16.3 billion, and when the reduction in inventory was considered, this dropped to $16.1 billion.

Despite the fact that the last figure is the highest net farm income in history, we should compare it to corporate profits, showing an increase of 68 percent—$51.6 billion to $86.6 billion from 1960 through 1966—while net income was increasing 33 percent.

While the net Federal Government and agency indebtedness increased from $241 billion in 1960 to $274 billion in 1966, an increase of $33.6 billion, farm indebtedness during the same period of time increased from $25.1 billion to $42.5 billion, for a total of $17.1 billion or more than half the increase of the national debt.

Again it should be noted that in output per man-hour in the private economy, 1960 to 1966, farm output rose from 110.7 to 155.8 while nonfarm output rose from 104.4 to 125.3, less than half that of the farm sector. While gross hourly earnings in manufacturing were increasing $2.26 per hour to $2.71 an hour from 1960–66, a total of 45 cents an hour; gross hourly earnings in agriculture were increasing from 81 cents to $1.03 an hour, or a total of 22 cents per hour for the same length of time.

There are many other comparisons that might be made from the tables which are a part of the report, but all of them arrive at the same conclusion; namely that no aspect of farm income has kept pace with the nonfarm segment of our economy. In 1960 we began with an 80 percent of parity figure and ended 1966 with a preliminary estimate of exactly the same amount. However, this does not indicate a sharp drop sustained since September 15, when the parity ratio dropped from 80 to the present 74—the lowest point in 34 years.