

Corporations can gain credit advantages through net-worth consolidations. Delayed pricing on intra-company transfers enables them to adjust profits to their advantage.

Tax laws have given corporations reason to diversify their operations, since losses from one operation can be deducted from profits of unrelated operations when figuring the tax base. Losses from farming have often been treated this way in recent years. *Feedstuffs* magazine (Volume 40, No. 30, page 30 (July 27, 1968)) included the following paragraph in an article reporting Secretary of Agriculture Freeman's support of S. 2613.

"Of 3 million farm income tax returns in 1965, 22% were filed by persons who deducted farm losses from non-farm income and still had some income tax to pay on their non-farm income. This included 86% of all persons who paid on \$1 million income or more, 84% of those who had \$500,000-1,500,000 income or more and 73% of those with \$100,000-500,000 income."

High-income individuals with sideline farms have been restricted by recent tax law changes. We feel that similar restrictions on corporate taxes would protect the independent farmer. Senate Bill S. 2613 relates to this problem and should be given consideration.

If a corporation's farming enterprises had to stand on their own merits, rather than serving as a tax hedge, then a losing operation would be given careful consideration by the directors. In the poultry industry, we have seen large companies enter into or expand poultry enterprises during years when the potential for profit was little or nonexistent.

This action increases fears that large companies want to completely take over agricultural production by forcing the family farmer out of business through economic pressure. If the production was more or less controlled by a few companies, some control of production, and thus prices, would be possible. Consumer prices would certainly increase. We would hope that restrictions would extend to large grocery chains, who have also entered into large agricultural production operations in recent years.

We feel that individual initiative should be maintained for the benefit of farmers and consumers alike. Your interest in agricultural problems is appreciated. Thank you for the opportunity to present our views.

STATEMENT OF GEORGE E. RAY, SECRETARY, WOOD COUNTY CHAPTER OF NATIONAL FARMERS ORGANIZATION

GENTLEMEN: I attended your hearings concerning corporations, invasion of farming. I was uninformed as to procedure on how to be heard as a witness, so wish at this time to sound-out some challenges that are paving the path for the corporate-conglomerate to invade farming.

One major factor, unknowing or unrecognizable is being ignored or covered up; that is C.E.D. C.E.D. is committee for economic development, which is an advisory service to the President. This committee is a group of about 200 men from the top conglomerate corporations of the U.S.A.

They have a definite program fully organized to reach a given goal with given steps and procedures. The final goal is financial in nature, but can only be fully achieved by full social and governmental control. The procedure is unitized steps to distort any resistance as the program develops. Some of the steps have been achieved, some are only in the suggestive stage to condition society to accept units of the program that seem innocent until they are recognized as a building block of the total program. These units of advancement are secured by becoming a part of legislature and are nearly irreversible as a block of units become overwhelmingly stabilized.

A basis to analyse financial control, we must recognize that production of new wealth is the substance of finances.

New wealth originates with the raw materials of food, fiber, timber and minerals. When these sources are in the control of a few hands, as history has demonstrated over and over, society and its government will be at the mercy of those few.

Some of the steps already secured by either legislature or court rulings are:
(1) "One-man, One-vote," which means the thinly populated rural areas have lost their voice and are vulnerable to being froze out of resistance to the grab.