

and short term loans. The country has paid dearly for the ill-advised policies of the Federal Reserve Board.

The Farmers Union has repeatedly condemned these policies and was instrumental in bringing about a national Tight Money Conference in Washington, D.C., in January 1967, sponsored by many organizations. We attempted in this conference and in other ways to bring the facts to our members and to all those who were consumers of credit.

We are aware that the policies of the Federal Reserve Board are controlled by no one unless it be the bankers who seem to have a decisive voice in the formulation of its policies. Several members of this Committee have pointed out this fact over a long period of years and have suggested remedies to be put into effect by the Executive Branch and the Congress, but nothing has been done. It seems to us that the President's Council should act in the interest of all the people and, as the President said on page 27 of the report, "This Administration will never forget that the purpose of our economy and of our economic policies is to serve the American people—not the reverse." It would appear that monetary policies during the past few years have not served the American people, but have served primarily one vested interest group. Interest rates at the present time are higher than they have been at any time since 1873. We suggest that the Council should have challenged the policy of the Federal Reserve Board and attempted to bring the best information policy on monetary matters to the attention of the President who has a multitude of problems and who finds it impossible to acquaint himself with the details of monetary policy.

I would like to take this opportunity to bring to the attention of the Committee certain studies that the Farmers Union has made during the last several months in regard to tax evasion by wealthy individuals and corporations and the efficiency of the family farm. Our study on the relationship of non-farm individuals and the use of farm investment as a tax haven was published in our *Washington Newsletter* of September 15, 1967, and is primarily based on a report of the Internal Revenue Service of the U.S. Treasury Department, entitled "Statistics of Income 1965." The results of our study based on this document are as follows and is the record from individual income tax returns, broken down by income groups, on "farm" operations:

Millionaires.—Of the 119 engaged in farming, only 16 reported a profit on their income tax returns.

\$500,000 to \$1,000,000.—Of the 202 in farming, 32 showed a net profit and 170 showed a loss.

\$100,000 to \$500,000.—Of 3,914 involved in farming, 1,040 showed a profit and 2,874 reported a loss.

\$50,000 to \$100,000.—Of 12,398 involved in farming, 4,974 showed a profit and 7,424 reported a loss.

\$20,000 to \$50,000.—Of 69,132 involved in farming, 38,752 showed a profit and 30,380 reported a loss.

\$15,000 to \$20,000.—Of 66,003 involved in farming, 42,160 showed a profit and 23,843 reported a loss.

\$10,000 to \$15,000.—Of 211,673 involved in farming, 132,109 reported a profit and 79,564 reported a loss.

\$5,000 to \$10,000.—Of the 793,689 involved in farming, 473,948 reported a profit and 319,741 reported a loss.

We also made another brief study based on Statistics of Income for the period July 1964–June 1965, entitled "U.S. Tax Returns—Sole Proprietorships, Partnerships, Corporations," also published by the Internal Revenue Service. The partial results of our study of this document were published in the December 1, 1967, *Washington Newsletter*. This study showed that only 7,861 of the 16,227 corporation farms filing 1963 returns showed a net profit. The profit added up to \$235.5 million, about \$49 million more than the losses reported by the other 8,366.

These facts indicate a widespread situation in which thousands of wealthy individuals and corporations made use of certain loopholes in our tax laws to escape taxation. The wealthy individual, under existing law, may subtract his farm losses from off-the-farm income and thereby get into a lower tax bracket and pay less taxes than he otherwise would have paid. Senator Metcalf has introduced a bill (S. 2613) which would remedy this situation and would, we hope, discourage the invasion of agriculture by off-farm interests.

We have various reports in our files which indicate that corporations and individuals are buying up millions of acres of farm land as a hedge against inflation and for tax loss purposes. The South Dakota Farmers Union has con-