

ducted a survey of corporate ownership in that State and has found that more than 30 corporations have acquired over 1,600,000 acres in South Dakota. Our members tell us that the same process is going on in other states.

conglomerate corporations. A conglomerate corporation, economists tell us, is a corporation which has two or more economic activities functionally unrelated to each other. One of the most notorious of these corporations is Textron which was originally in the textile business. At the present time, Textron is engaged in the manufacture and distribution of over 10 diverse products. Its holdings include a huge broiler and poultry feeding operation in the State of Maryland.

The incentive for the corporation buying up defunct and shaky businesses is perhaps the same as the incentive of the wealthy individual who invests in a farm to escape taxation. According to the *Wall Street Journal*, Textron, during a period of years, was exempted from paying \$75 million in taxes to the Federal Government because of the "tax carry-forward" provision in our tax laws.

According to the Federal Trade Commission, merger activity which includes the acquisitions of both conglomerate and other kinds of corporations, continues at a high level. Almost 1,000 mergers were reported by Moody's Investor Service, Inc., and Standard and Poors Corporation for the year 1966.

Our interest in merger and corporate activity is not academic. We strongly feel that economic concentration is a primary cause of the excessively high costs of various items necessary to farm production. Significantly, although farm income, according to the Department of Agriculture, is due to remain at a very low level this year, farm receipts may increase by \$1 billion. This decline in farm income can only be explained by an increase in farm costs. Farm prices have declined drastically during the last year. The parity index a month or two ago had dropped to 73—the lowest point since the '30's. *Agricultural Prices* in its last issue, reports that it has increased by one point. This simply means, of course, that farm prices in relation to the purchasing power of the farmer's dollar were lower than they had been in more than 30 years.

Low farm prices and low farm income represent a contradiction in our economy. National income is at an all time high. We have made various calculations based on figures taken from tables in the back of the *Economic Report, Economic Indicators* (published by the Council of Economic Advisers) and the November 9th issue of *Marketing and Transportation Situation*.

It is estimated that 11 million people are now living on American farms; that their farm income in 1967 amounted to \$13.2 billion. This is equivalent to a per capita income of \$1,200. According to the President's Council, per capita income of the total population amounted to \$2,787 annually during the period October-December 1967. It is seen that even with the drastic decline of farm population that per capita income from farm activities lags far behind income derived from other activities.

According to *Marketing and Transportation Situation*, the typical market basket of farm foods cost \$1,089 in September 1967. The farm value of this food was \$417. This indicates a spread of \$672.

The year 1947 was considered a fairly prosperous one for farmers. In that year the market basket cost consumers \$890; the farmer got \$441 of this amount. In other words, the consumer in September 1967 paid \$199 more for food purchased by a typical family of four and the farmer got \$24 less.

The significance of these figures is seen when it is realized that in 1965 the farmer's dollar was only worth 71 cents. We do not have at hand a calculation for the 1947 purchasing power of a dollar for a later date.

There has been a great deal of propaganda to the effect that the family farm or medium-sized farm is inefficient. This allegation has been disproved many times. However, the myth of family farm inefficiency persists despite the fact that the family farm produces most of the commodities which are consumed in this country and which are exported.

A recent study made by Farmers Union which is based on a study of the Department of Agriculture which in turn is based on 138 other studies, indicates that a family farm is relatively efficient over wide areas of the United States and in the production of many different commodities. (See Exhibit A, attached.)

Farmers Union periodically attempts to assemble as much information as possible in regard to actual income and expenses of farm operations, both in regard to current statistics and in regard to prices which farmers paid in a relatively prosperous period. We have in our file a list of actual farm operating costs as reported on Schedule F tax forms. Here are statistics taken from actual Minnesota farm reports: