

tinued expansion of expenditures at a rate greater than tax revenues cannot be tolerated.

We understand that Gardner Ackley, former Chairman of the Council of Economic Advisers, has ridiculed the idea of matching tax increases with budget cuts by calling it a "strange proposal" and by suggesting it could lead to fiscal "overkill."

Recognizing as we do the built-in pressures for more and more Government spending, we do not think there is any danger of an "overkill." All we are proposing is that Congress determine the amount by which the deficit should be reduced and then divide this amount equally between reductions in expenditures and increases in taxes.

We in the Farm Bureau are determined to do our part in getting at the root cause of inflation—excessive Government spending. Consequently, Farm Bureau will submit specific recommendations for budget cuts to appropriate committees of Congress—and these will include proposed cuts in Government expenditures of special interest to farmers and ranchers.

We shall make specific proposals to remove the drain on the Federal Treasury resulting from passage of the Food and Agriculture Act of 1965, which caused the Commodity Credit Corporation in 1967 to make expenditures of nearly \$3 billion to compensate, in part, for Government-depressed market prices. When other price support functions of CCC are added to these direct payments, net losses of the Corporation have risen to nearly \$4 billion annually. In spite of this, net farm income has continued to decline during 1967.

Much of the recent growth in nondefense Federal spending is the result of Federal assumption of responsibilities that properly should be discharged by State and local governments.

With this in mind, our delegates at our recent convention adopted a policy favoring the use of Federal income tax credits.

With this in mind, delegates to the AFBF annual meeting in December 1967, adopted the following policy:

In order to increase local control of tax resources and responsibility for educational and welfare programs, we recommend that the federal government return the responsibility for these programs to the states through the use of federal income tax credits.

We urge passage of legislation which would provide that individual taxpayers be given dollar-for-dollar credits toward federal income tax liabilities for individual income, corporate income and general sales taxes paid to states. With the return of this tax base to the states should go the authority and responsibility for costs and administration of welfare and elementary and secondary educational programs now carried on by the federal government.

A Federal credit for income and sales taxes paid to States would permit the States to increase their taxes sufficiently to raise revenue necessary to replace the Federal grants they are now receiving for welfare and for education at the primary and secondary school levels.

We believe this proposal to replace existing "grant-in-aid programs" with tax credits is far superior to the various proposals made in recent years for a sharing of Federal revenues with the States.

The tax-sharing approach requires that tax money be sent to Washington for redistribution to the States. This could increase—rather than reduce—the dependence of the States on Federal appropriations. Such handouts could be reduced, eliminated, or made subject to new Federal requirements at any time.