NATIONAL FARMERS UNION

By Angus McDonald, Director of Research

The report of the President and particularly the annual report of the Council of Economic Advisers, suffer from a number of fundamental weaknesses and omissions. The Council is completely blind to the erroneous policies of the Federal Reserve Board. The Board's vagaries, its lack of an agricultural policy, the inconsistencies, the contradictions and the lack of action to do anything about skyrocketing interest rates has made the Federal Reserve Board the laughing stock of the financial and metropolitan news world.

The report of the Council is a self-serving document which apologizes and attempts to sweep under the rug the dismal failure of the past Administration in regard to interest rates and the erroneous monetary policies of the Federal Reserve Board. Over and over again the President's Council attempts to explain away the housing debacle of 1966 and the failure of the Administration to adopt realistic measures as advocated by Members of the House and the Senate.

In regard to agriculture, we have commented annually over a period of years on the failure of the President's Council to take cognizance of the roots and causes of low prices and other situations which have made the farmer, as Senator Proxmire has pointed out, a second class citizen in our so-called prosperous economy. The Council completely ignores the lack of bargaining power and as yet is not even aware that the Food Marketing Commission conducted an exhaustive investigation and came up with a number of contructive recommendations which would correct the maladjustment in the agricultural economy. The Council swallows hook, line and sinker the conclusions of an absurd study of the Department of Agriculture. This study is referred to on page 116 of the document.*

One further observation may be made in regard to USDA statistics. According to the Internal Revenue Service the total net income of farmers for the year 1965 was as follows:

	Number of businesses	Net profit (less loss)	Net profit
Farm proprietors	[1] 3,225,266	$3,385,962,000	$5,266,887,000
Farm partnerships	[2] 116,317	676,917,000	915,849,000
Farm corporations	[3] 18,526	187,676,000	340,552,000
Total		864,595,000	1,256,401,000

[1] 2,013 reported a profit.
[2] 92,417 reported a profit.
[3] 10,387 reported a profit.

Source: "Statistics of Income, 1965: Business Income Tax Returns," U.S. Treasury Department, Internal Revenue Service.

*A critique of this study, "Parity Returns Positions of Farms", which attempts to prove that farmers are better off than nonfarm workers and investors, is attached to this statement. (Attach. "A".)