

According to the U.S. Department of Agriculture, farmers during the past few years have been realizing from \$13 to \$15 billion in net income. It is seen that there is a wide variance between the reports of the Internal Revenue Service and USDA. Even discounting the fact that a certain allowance is made in USDA statistics for home living and legitimate tax deductions in regard to soil conservation and other items, it appears that the Department of Agriculture is overstating greatly the amount of net income realized by farmers.

Attached to this statement is a sheet giving USDA farm net income statistics for the years 1963-68 and statistics published in *Economic Indicators*.

The Council neglects completely the dangerous trends of the last few years in regard to mergers, monopolistic domination of the marketplace and the invasion of agriculture by corporations and wealthy individuals. It passes over lightly the conglomerate revolution with the assertion that the taking over of a company which is unrelated to the conglomerate's activities, often infuses new vigor and competition in the industry which is unrelated to the company which makes the acquisition. Furthermore, there is a blatant attempt in the report to sabotage and discredit the Robinson-Patman Act by suggesting that it discourages competition in certain instances by forbidding discriminatory practices.

The President's Council provides no remedies as to interest rates, taxes, or antitrust problems. It apparently is the only agency in Washington which is unaware that something must be done to hold skyrocketing interest rates, the invasion of conglomerates into agriculture and to close up the gigantic loopholes which exist in our tax laws. It is well known that tax dodging activities by wealthy individuals and corporations have become a public scandal. Congressmen in both parties are much exercised over this situation and hardly a day passes that a bill is not introduced or a speech made on the floors of Congress demanding that something be done and *be done now*.

Inasmuch as a sizable portion of the report of the President's Council is devoted to the past history of the Federal Reserve Board, we feel that a few comments are necessary. It will be recalled that in December 1965 the Federal Reserve Board raised the discount rate and also raised the interest rate which may be charged on time deposits. By this action, protested by President Johnson, it raised interest rates on certificates of deposit from 4 to 5½ percent—an increase of 37½ percent.

This, as the eminent chairman of this committee predicted, resulted in catastrophe in the housing and farm sectors of the economy. It set off a rapid increase of interest rates and drained billions of dollars out of the rural areas and into New York banks—dollars which would otherwise have been available for agriculture and housing. The explanation of this flow of funds from the interior of the country into Wall Street is obvious. Why, for example, should an individual or corporation in the Midwest continue to loan money to farmers, small business, and housing authorities at 4 to 5 percent when it could obtain up to 5½ percent by merely depositing funds in a New York bank with no risk and no redtape or inconvenience at a higher rate?

The Federal Reserve Board, as well as the administration, refused to act in 1966 (contrary to statements made in this report) until Sep-