

income as do other businesses and capitalize investment in land improvement.

About a year ago Secretary of Agriculture Freeman apparently having noticed the figures on farm tax losses published by the Farmers Union, instigated an investigation by the U.S. Department of Agriculture. The result of this investigation was a whitewash. Apparently deliberately, States such as California and Texas, where corporations have made great headway, were omitted from the study. A preliminary report was published which concluded that corporations presented no threat to the family farmers and that anyway most corporations were family corporations entitled to report their income as partnerships. Family corporations are designated as 1120-S corporations under the authority of a law passed by the Congress in 1958.

On February 18, 1969, M. L. Upchurch, Administrator of the Economic Research Service, USDA, made a report on the corporate farm situation at the Outlook Conference. According to the press release issued, Mr. Upchurch commented on the survey which his agency had made. He said that there were 11,000 farms operated by corporations in 47 States. Most of these, he said (about 7,500) were family corporations. Upchurch said that few of these corporations had really big farming interests. Only 8 percent grossed more than \$500,000.

In the speech presented to the Outlook Conference, Upchurch says that the "number of corporations in farming amounted to 18,526." In the same speech he said that the number amounted to only 11,000. No explanation was given for this discrepancy. The Internal Revenue Service reported that in 1966 there were only 4,862 family farm corporations.

Attention is called to certain statistics which this witness presented to the House Ways and Means Committee. According to the Book of Statistics of Income, U.S. Treasury Internal Revenue Service, the number of corporations engaged in farming for the period July 1965-June 1966 was 18,526. Of this number, 8,139 reported they had no net income. The number of family corporations referred to as 1120-S, amounted to 4,862. Of this group, 2,330 reported they had no net income. It is seen that the figures presented by the head of the Economic Research Service are in large part erroneous. We haven't the faintest idea where ERS got the figure of 7,500 family corporations or where it got the figure of 11,000 corporations.

Incidentally, the press release which recites incorrect figures which purported to prove that corporations are not a threat to family agriculture has been widely publicized. One large farm organization recited the ERS statistics on its front page.

The President's Council is only faintly aware of the economic concentration problem. It is not alarmed by the merger movement which has reached gargantuan proportions during the last few years. It is not concerned that conglomerates are taking over hundreds of unrelated companies and evading the intent of the antitrust laws. It is unaware of the Banking and Currency Committee's monumental study which indicated that 49 banks in 10 large cities had a total of 8,019 director interlocks with 6,091 companies. There were an average of 164 director interlocks per bank and an average of 135 companies interlocked per bank. This study, in our opinion, proves beyond the shadow of a doubt that the banking industry has a stranglehold on the entire economy. We also feel that no existing law can reach this problem.