Of interest to farmers is the fact that many of these conglomerate acquisitions are directly related to the food industry. During the year 1968 in the grocery business there were 25 acquisitions of more than one store which is up about 24 percent from the average of the last 10 years. The number of stores involved was 687. Farmers Union is interested in such details because farmers must, in many instances, deal directly with the grocery chains which are partially integrated.

Attention is called to legislation introduced by Congressman Wright Patman which would attempt to curtail the conglomerate activities of banks. H.R. 6778, introduced by Mr. Patman, would regulate one-bank holding companies. The Congressman comments as follows on the need for such legislation: "Through the loopholes in the Holding Company Act, commercial banks have been moving rapidly into non-banking activities throughout the Nation. Giant, conglomerate cartels are being formed around large banking institutions and this concentration of economic power threatens to change the very nature of the whole economy."

A few days ago this witness attended a luncheon sponsored by a national housing organization. Several members commented that nothing could be done about rising interest rates. Apparently members of this group were unaware of a law which is a part of the Federal Reserve Act and which was reaffirmed by the Congress on September 21, 1966. This law is so important that I am quoting it at length.

Language set forth in section 14, 3(b)(1) of the Federal Reserve Act says that every Federal Reserve bank shall have the power to "buy and sell, at home or abroad, bonds and notes of the United States, bonds issued under the provisions of subsection (c) of section 4 of the Home Owners' Loan Act of 1933, as amended, and having maturities from date of purchase of not exceeding six months, and bills, notes, revenue bonds, and warrants with a maturity from date of purchase of not exceeding six months * * *."

Section 13, 3 of the Federal Reserve Act provides that "in unusual and exigent circumstances, the Board of Governors of the Federal Reserve System, by the affirmative vote of not less than five members, may authorize any Federal Reserve Bank, during such periods as the said board may determine, at rates established in accordance with the provisions of section 14, subdivision (d) of this Act, to discount for any individual, partnership, or corporation, notes, drafts, and bills of exchange of the kinds and maturities made eligible for discount for member banks under other provisions of this Act when such notes, drafts, and bills of exchange are indorsed or otherwise secured to the satisfaction of the Federal Reserve Bank * * *."

In other words, the Congress has over a long period of years provided that the Federal Reserve Board and the Open Market Committee may act to prevent interest rates from getting out of hand. As pointed out in the above section, the Federal Reserve bank may even discount "in unusual and exigent circumstances" in order that individuals, partnerships, and corporations may obtain relief.

This law states that the Federal Reserve Board shall have the power to buy and sell in the open market at the direction and regulation of the Open Market Committee. On September 11 and 17, 1968, your committee held hearings in regard to the possibility of making needed credit available. The Federal Reserve, about a year ago made a great to-do about loosening up credit and making it available where needed.