supports the U.S. contribution to the International Development Association. This program provides that borrowers may pay as little as one percent on loans. We are not in any way suggesting that we are opposed to such a program, but we feel the principle of subsidized interest rates should be extended to our citizens as well.

ATTACHMENT "A"

CRITIQUE OF "PARITY RETURNS POSITIONS OF FARMS"

(Report of Economic Research Service, U.S. Department of Agriculture, July 7, 1967)

A recent study of the Economic Research Service of the Department of Agriculture, "Parity Returns Positions of Farms," attempts to prove that greater parity returns on labor and capital received by farmers results in a greater return on labor and capital employed in the nonfarm economy. It is stated that the parity returns on capital equals the value of capital plus the rate of return plus capital gains. This is one standard that is used in the study.

Another is the landlord standard which equals the rent from the farm plus capital gains. The study alleges that capital gains on farms amounts to 3¾ percent per year or 12 percent since 1964. This is compared with the stockholder standard which adds the dividends of 3 percent plus capital gains of 8 percent which equals 11 percent for the 3-year period.

Finally after wading through a mass of statistics, many of which seem unrelated to the problem, the study comes up with the conclusion that the wage of a farm family is 105 percent of the wage of a manufacturing worker.

We have a few comments. It is ridiculous to compare a farm operator to a factory worker; it is ridiculous to compare capital gains on farms to gains on stock; it is ridiculous to lump all farmers above $20,000 gross together. I asked an economist in USDA several years ago why they lumped farmers who grossed $1 million together with the family farmer.

"Why not," I said, "break down the categories to farmers with gross incomes of $25,000, $30,000, $35,000, $40,000, and so forth." The answer I got was that nobody was interested in the U.S. Department of Agriculture in such statistics. It is obvious that lumping the millionaire farmers in with the $20,000 gross farmers distorts the picture.

It is also ridiculous to lump 500 stocks together in order to determine whether or not a stockholder is better or worse off than a family farmer. Growth stocks don't pay dividends—some stocks pay nothing. This is the age of conglomerates. Hundreds of companies buy up other hundreds of companies for tax advantages. Furthermore, companies often issue two shares, or three or four, for one. This obviously further distorts the USDA statistical picture.

The study lightly says that unrealized capital gains can be turned into income at the owner's option. This is not true for farmers. Three out of every five purchasers of farmland are farmers. The farmer suffers more often than not from the increased price of farmlands. The study claims capital gains resulting from increased price should