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BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

1. Subsidies are a drain on Treasury so should be eliminated to achieve balanced budget.

2. Farmers products are now above parity -

3. Taking Agricultural products
As a whole the removal of subsidies would not increase the cost of Agr. products over the next twelve months period because on the average farm prices will decline.

4. The one exception to above policy is Dairy products.

40 Dairy products would increase in price quite a bit and cause people to use substitutes. This would injure Dairy people who have been very helpful in war effort and would also deprive low income people the healthful dairy products they need.

It might be best long time well rounded policy to continue Dairy subsidies and reduce them gradually over the next year.