One Million New Family Farms

More Farms, More Factories, More Future!

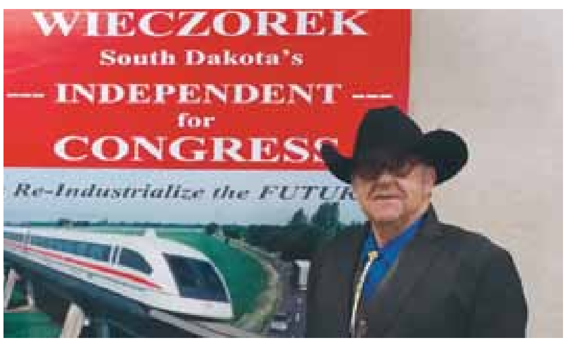
by Robert L. Baker

Kansas Cattlemen's Association

Robert "Bob" Baker addresses the 2016 state convention of the Kansas Cattlemen's Association.

Indiana Farmers Union

Jim Benham, President of the Indiana Farmers Union, in 2017.



Robert L. Baker

Ron Wieczorek in Sioux Falls, October 2018, at a policy conference he hosted,during his Independent campaign for the all-state South Dakota Congressional seat.

Jan. 25—In this report, we introduce, for discussion, the concept for a proposal for what can be formally called the "21st Century Homestead Act, for One Million New Family Farms" in the United States. This proposal addresses two fundamental and related matters: the crisis in U.S. and North American agriculture and the need to vastly increase world food productivity for a growing population. Optimism for a new, positive U.S. agriculture policy is realistic, based on the historic progress that can be achieved through the collaboration of Four Powers—the U.S., China, Russia and India—with other nations, in economic growth, especially abundant food for a growing world.

The "Million Farmers" idea cuts through the apparent irony, that while the U.S. is still producing large volumes of surplus farm commodities for export (everything from corn and soybeans, to almonds) using the most inspiring, very high-tech methods, the rural farming community itself—the basis for real productivity—is being destroyed as surely as we see equivalent destruction in other sectors of the economy: the decayed manufacturing sector, the decrepit infrastructure base, and so on. The farm belt is being depopulated; drugs and despair are rampant.

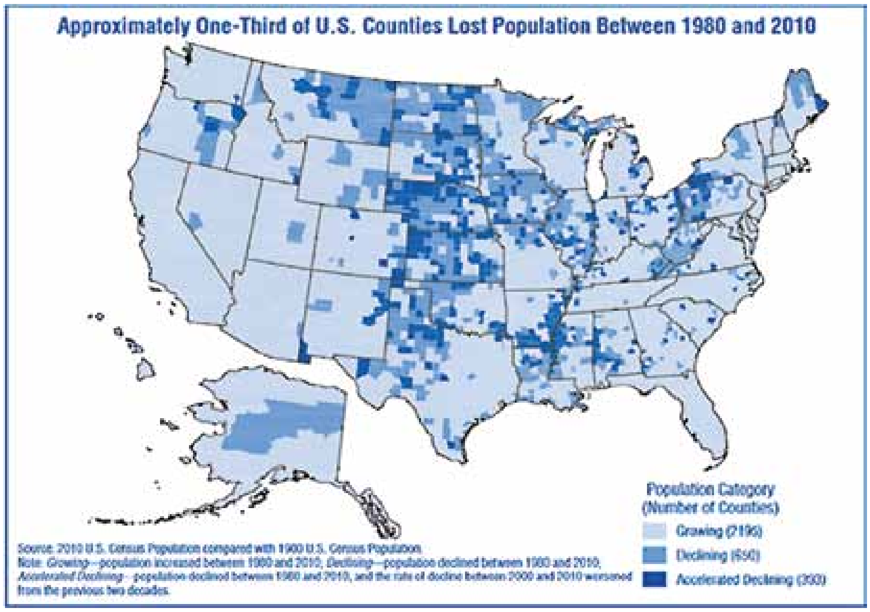
Responsibility for the degradation in the U.S. farm states lies in the last half-century of "financialization" of the mode of every aspect of farming and the food chain, from credit, to planning, to logistics, etc., and the fact that this has occurred in the context of an ever more deregulated financial system—the world casino economy. So, just as clearly as the U.S. industrial states became the "rust belt," the agriculture states were de-structured and became the "de-population belt."

The essence of the "21st Century Homestead Act, for a Million New Family Farms" is to restore the sovereignty and constitutional action of government, to reverse this down-trend, take actions to provide a secure food supply, and serve the overall national interest, including the improvement of U.S. relations with other nations. These proposed policies include fostering production of desired crops and farm commodities; fostering the desired scale of family farming and training new generations of farmers; fostering a stable pricing domain for the producer and consumer alike; fostering science and technology; and achieving a world of plentiful food.

The essentials of the "Million New Farmers" proposal will be provided below. Let us first, however, review the U.S. farm sector crisis and the international strategic picture.

The proposal arose after discussion among farm state leaders in 2018, especially spurred by the Independent Congressional campaign in South Dakota by cattleman Ron Wieczorek, endorsed by LaRouche PAC, which is promoting an across-the-board "Way Forward" program for the U.S. economy, promoting international collaboration among the "Four Great Powers," and domestically, the implementation of LaRouche's "Four Laws." Resolutions for such policy change have been adopted by several farm organizations.

FIGURE 1

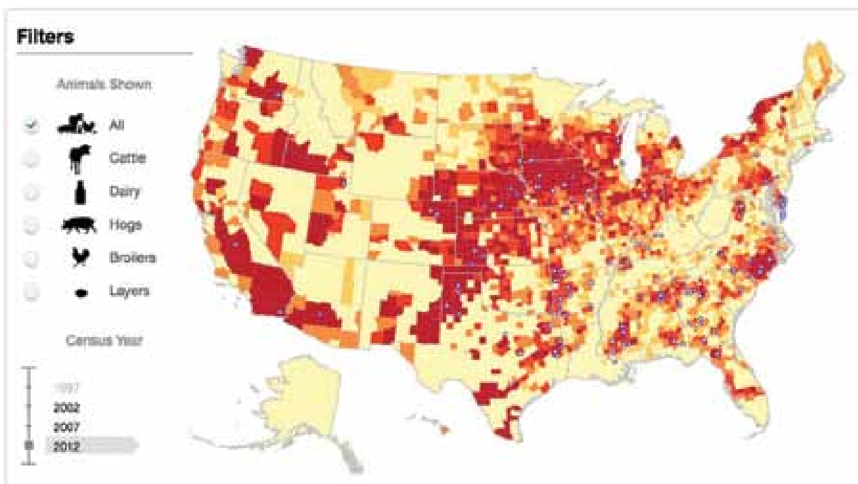


High-Tech Family Farms to Mega-Corporate Farms

The empirics of the de-structuring of the U.S. farm sector are efficiently displayed in two maps: the geography of depopulation of farm counties across the country, and the location of the concentration of what can be called mega-scale farming and food processing **(Figure 1)**. The depopulation map shows that the outstanding pattern of loss of population, by county, is across the Plains States **(Figure 2)**. The map of locations of "mega-operations" in farm and food processing activity, shows that these are located in the same regions as those with population loss.

Drive across the countryside here—Minnesota, South Dakota, Iowa, across the nation—and what you see is fewer and fewer farmsteads, houses and buildings. You would think you had returned to the old 1800s wilderness days. In the majority of current farmland purchases, the farmer's house and buildings are either sold off or bulldozed down into a hole to eliminate the cost of tax and insurance obligations, repair and upkeep, and vandalism. A community with fewer and fewer homes and neighbors then leads to the shutdown of local shops and support-

FIGURE 2



Food and Water Watch, from USDA Census of Agriculture

This map of counties, for Agriculture Census Year 2012, shows the gradations in density of livestock (darkest indicates the most)—cattle, dairy, hogs, broilers and layers—in total. The circles show meat processing plants.

ing businesses, in addition to the increasing shutdown of schools, churches, and medical and other services. The rural towns are becoming demographically older and older, as most of the young people move away.

One point must be stressed: advanced technology is not the cause of the depopulation. Population loss in the farm belt is a direct result of a farm commodity market system that keeps prices below the constantly rising costs of production, that increases the shutdown of family farms and the subsequent consolidation or integration of these surviving family-scale operations into bigger and bigger crop and livestock units. The family farm should not be held hostage to a marketing system that penalizes the farm producer for becoming more productive when he invests in space-age technology to produce more and higher quality food for the nation.

Robert L. Baker

Abandoned buildings in the former town of Union Level, in the farm area of southern Virginia. The same scene is typical throughout the Mid-West Farmbelt, where buildings are now frequently bulldozed to the ground, for public safety.

The nation should have a policy that fosters high-tech, productive family farmers and keeps them in business. We need to protect the American System culture of U.S. agriculture from mega-speculators so the nation has a solid, food-growing sector of millions of owner-operator, citizen-statesman farmers.

How Did the Transition Happen?

This destructive re-tooling of the U.S. farm sector happened as the principles and practices of what has been long known as the "American System" were phased out over the last half-century, and replaced by the City of London/Wall Street form of neo-liberal monopoly economics that came to dominate. In short, the market system the United States fought a revolution to defeat—"British Free Trade," characterized by plantations, enforced low prices, and single-purchaser control of the likes of the British East India Company—has returned.

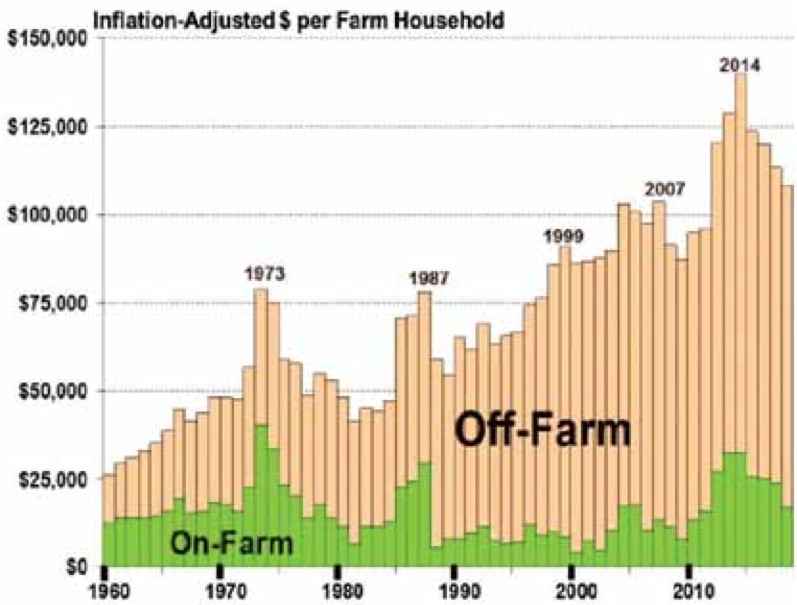
Today's counterpart is in the form of mega grain and livestock processors, trading companies and, now, retail outlets (WalMart, Costco, etc.), that have fostered a vast network of outstandingly talented, high-technologically skilled farmer producer-suppliers, who produce commodities for the mega-firms and related financial institutions to acquire on the cheap, which companies then use the money for profiteering and geopolitical gains around the globe.

In this global "free trade" structure, the farmer-producers are located farther and farther away from the consumers, thus increasing costs added on by the numbers of middlemen involved in transportation, retail, insurance and other food logistics work. To pay for the middleman costs, the producers are paid less, and the consumer is charged more. This is not the American System of economics.

Under the American System, policies are fostered to decrease the distance between producer and consumer, in fact, to bring them closer and closer together. That was the thinking behind Lincoln's Homestead Act (1862)—to foster the development of tens of thousands of small towns in rural America to support millions of independent self-sufficient family farmers. Lincoln's policy succeeded by making sure the farmer got a fair price to stay in business, and provide high quality, reasonably priced food to the people.

There have been outstanding statements on this, and examples in action. The first U.S. Treasury Secretary, Alexander Hamilton, promoted policies during the presidency of George Washington to foster agricultural and industrial activities. Abraham Lincoln signed a series of laws that settled the farm and western states, with the Homestead Act and the Pacific Railroad Acts of 1862, the Morrill Land Grant College Act (starting

FIGURE 3
U.S. Average Farm Household Income, by Source, 1960-2018



USDA, ERS (Economic Research Service), August, 2018

The average farm household income comes mostly from the off-farm jobs of family members, and has declined in total, for the past five years. The figures are inflation-adjusted, with 2017=100.

the agricultural extension services), and a new bank and credit system to finance it, during the Civil War.

Franklin Roosevelt also passed multiple laws to stop farm bankruptcies, establish the parity farm price system that lasted into the 1970s, create new credit systems, all of which created the biggest agro-industrial rebirth in history. Eisenhower built the interstate highway system and promoted "Atoms for Peace." Kennedy launched the space program, expanded nuclear power and tried to build the big water transfer program, the North America Water and Power Alliance. In this context of progress, the productivity of American farmers also advanced in many ways, from the use of more powerful, versatile machinery, to better seeds, livestock breeding, and other improvements. Chief in all of these was the training of new young farmers, through both "school learning" at college, and hands-on learning from their families and highly-skilled communities.

'Big Global Ag' Takes Over

In contrast, under the Wall Street/London system, the American System was phased out, beginning with the 1971 removal, by Nixon, of the dollar from the Bretton Woods fixed exchange rate regime. Since then, the floating dollar has become a pawn of financial speculation and has contributed to the accelerated destruction of U.S. family farms. This unfolds in many ways, but most obviously by erratic swings in farm commodity prices, which overall suppress the farmer's revenue below the farmer's costs of production. This accelerated twenty years ago, when the "Commodity Futures Modernization Act" was passed in 2001, and before that, in 1999, when the Glass-Steagall law was rescinded, which together ushered in waves of liquidity and speculation.

Farmers in particular remember the free dinner meetings sponsored by Wall Street marketing firms to teach them how to hedge and play the Wall Street grain and livestock markets. On the Chicago Mercantile Exchange, trading in "shadow" bushels by far exceeds trading in actual physical product. During the same decades, parity-pricing for farmers was completely phased out.

In this new speculative era, the so-called "market place" (of speculation) sets the prices. With the dollar value itself going up and down, the prices of farm commodities have gone into higher highs and lower lows, stimulating farm debt buildup, and boom-bust price cycles—which, like "controlled disintegration," slowly over time, forced more and more farmers into seeking off-farm income. This became the only way to survive, and now accounts for most of the income of millions of mid-sized family-scale farms **(Figure 3)**.

All the while, the Wall Street/London financial institutions funneled money into a select few mega-global grain and livestock monopolies, and global food processing and retail chains. Here then, is the source of the apparent farm sector irony: U.S. farm output—crops, beef, pork, poultry, etc.—comes from the most competent, talented producers in the world, using the most advanced space-age methods, but the mega-control system of monopolization, low prices and speculation, is so severe, that the farm belt itself is disintegrating.

It is worth looking at the phase-shift decade of the 1970s more closely. After Nixon's 1971 post-Bretton Woods introduction of the floating dollar, the domestic price of U.S. grain went up through the roof, the highest in history. Why? The cover story was that the Russians had cornered the market on U.S. grain and were driving the prices up. (The Russians again?) But no, the real cause was the collapse of the U.S. dollar, which dropped in value about 50% in terms of international trade, such that the cheap 1970s dollar made U.S. grain some of the cheapest grain in the world. So, countries all over were sucking up U.S. corn, soybean and wheat exports due to the cheap U.S. dollar. This is London/Wall Street financial manipulation in action. Follow through what happened to farmers.

The large U.S. grain export demand drove the domestic prices of grain to all-time highs and farmers started making good money, as they should. However, this increased land values. The farm media were full of articles about "buying land because we are running out," and farmers started buying lots of machinery and increasingly higher-priced farmland, which jumped 25-35% per year in price, several years in a row. Big inflation set in throughout the nation, and there were oil embargos.

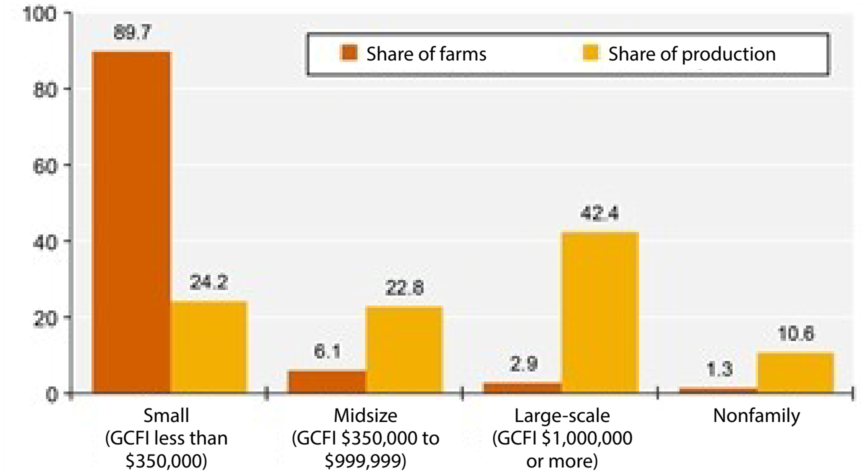
Then in 1980, Paul Volcker, chairman of the Federal Reserve, increased interest rates to the unprecedented level of 15.5% plus. The value of the dollar soared. In turn, the high value of the dollar made U.S. grain and agricultural products very expensive to other countries, and export demand dried up. U.S. farm commodity prices crashed, and a wave of farm and financial institution bankruptcies swept the nation. Rural communities were devastated. In 1978-79, some 3,000 farmers drove their farm machinery cross-country to Washington, D.C. in a protest Tractorcade. But U.S. agriculture shifted into a direction of producer consolidation that has led to the monopoly-influenced "Big Global Ag" that we are discussing in this article.

All this has led to the most serious situation a nation could face—not enough family farmers to farm the land. Is it going to be high tech, very productive family farmers, and a productive countryside, or mega-global corporate controlled food, a thousand empty rural counties, and the threat of shortage?

FIGURE 4

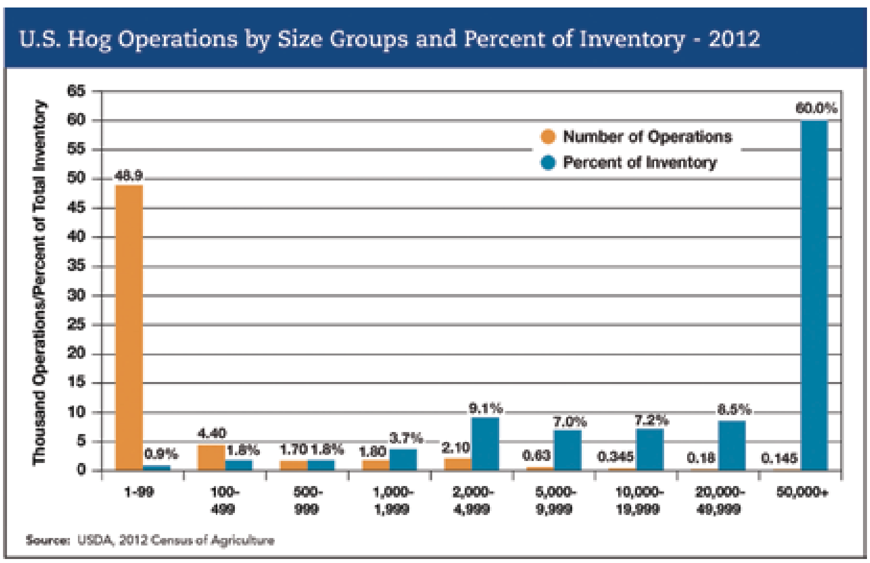
Farms and Their Value of Production by ERS Farm Type, 2015

Percent of U.S. farms or production



Note: GCFI refers to gross cash farm income: ERS refers to Economic Research Service. Analysis by size is for family farms. Nonfamily farms are those where neither the principal operator, nor individuals related to the operator, own a majority of the farm business.
Source: USDA, Economic Research Service and National Agricultural Statistics Service, Agricultural Resource Management Survey. Data were revised March 8, 2017.

FIGURE 5



USDA

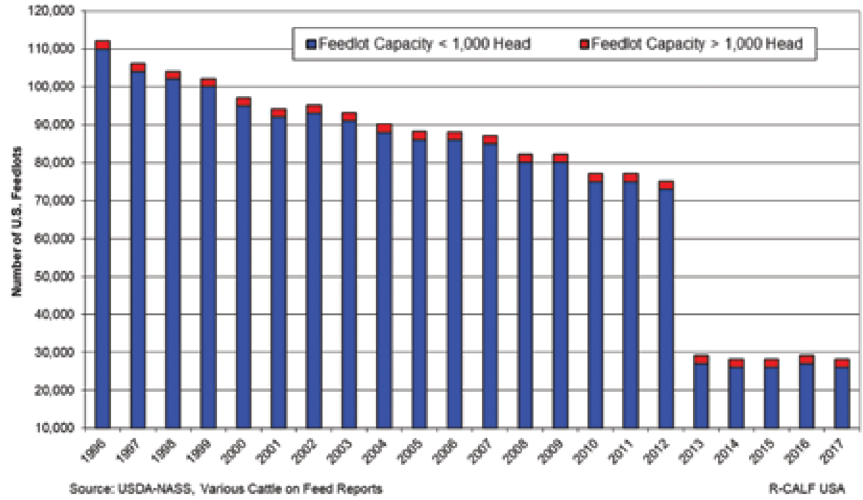
Scale of Mega-Corporate Integration

The process of breakdown of U.S. family farm agriculture has led to the dire situation of today, characterized by many dramatic features.

Loss of family-scale farms. The headline, "82% of U.S. agricultural family income comes from off-farm jobs," tells the story. This is from a March 28, 2018 article in *Beef Daily* by Amanda Radke, which went on to say, "If ranching isn't profitable, it isn't sustainable. Are family farmers doomed, or will they be able to adapt to the changing times?" Many farmers are walking away or being forced out. The average age of the U.S. farmer is 58.3 years. There are six times as many principal farm operators aged 65 and over, as there are 35 years old and younger. Some would argue that most farmers today must work their farms as a hobby, which is pretty tough to do, especially if you are raising a family. The security of our national food supply is under threat unless we maintain millions of viable, diversified, financially strong young farmers on millions of smaller, high-technology farms. This requires a policy that will maintain agricultural commodity prices above the cost of production.

FIGURE 6

Decline in Numbers of U.S. Feedlots, 1996-2017



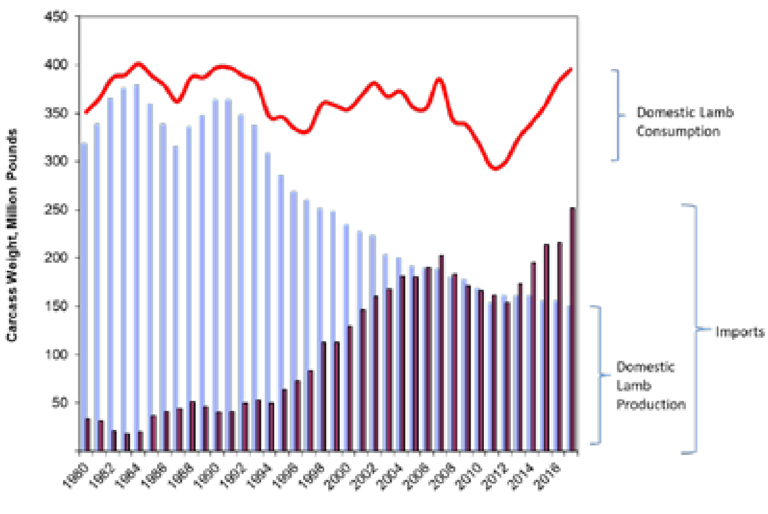
Mega-Farms and Monoculture. United States Department of Agriculture (USDA) records indicate that in 2015 the United States had about 2.1 million farmers. The so-named "Large scale" and "Non-family farms," which make up 4.2% of all U.S. farms—about 88,200 in this big-farm category—produce 53% of total production **(Figure 4)**. That is not very many farmers. At the same time, almost 90% of U.S. farmers produce less than 25% of total production, and 48% of U.S. farmers—about 1.0 million—produce only 1% of all U.S. farm production. The 1% figure may seem unbelievably low, but it is true, and it is not good news.

This 48% of all U.S. farmers has become increasingly under-productive as a group, through the impact of receiving low prices, as described above. They lack not only scale, but the ability to invest in farm technology as it improves. Thus, a significant proportion of today's "farmers" are no longer really productive farmers, and those in the subgroup which still does manage to be high-tech, are getting old and retiring. In addition, there is another sub-group of farm operations—the five- to ten-acre hobby farms, used by rich people for tax deductions and "life-style" farmettes, not for serious food production.

A qualification is in order on the statistics. USDA census-taking on the number of U.S. farms became lax in the past few decades. At the time in the 1980s when family farm numbers were dropping, as the economy declined, the USDA watered down the definition of what is a farm, counting anything as a "farm" if it produces merely $1,000 a year in saleable production, or "normally" would have.

FIGURE 7

U.S. Sheep Meat Imports Far Exceed Domestic Production



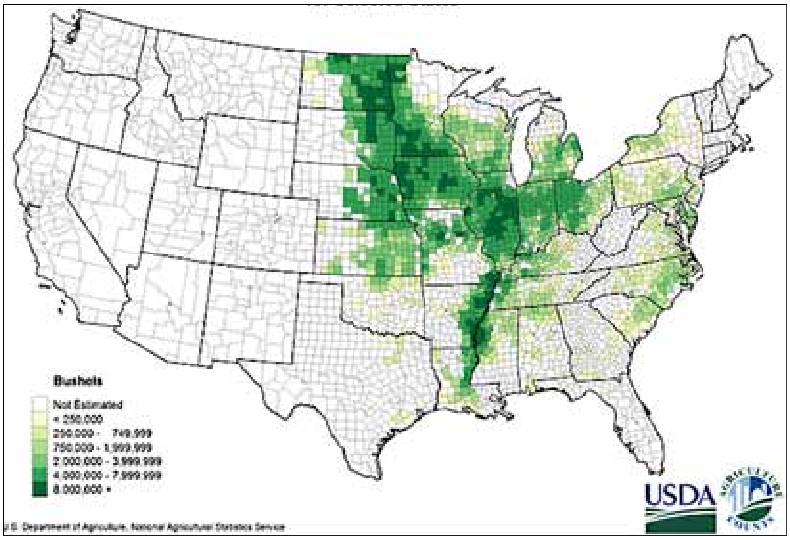
R-CALF USA

Nevertheless, it is true that a large part of U.S. output is from a small number of huge farming and livestock operations. This becomes clear by zooming in on production, sector by sector. With these farm demographics and fewer and fewer young farmers returning to the farms, it should be obvious why the United States needs a "million new farmers" to feed 326 million Americans now and millions more in the future.

What happened to the livestock producers? ***Hogs.*** Based on the USDA 2012 Census of Agriculture, in 2012, 48% of U.S. hog operations produced less than 1% of total hog inventory and, in shocking contrast, an almost infinitesimal 0.145% of producers controlled 60% of U.S. hog inventory. Today, 40 large pork producers produce about 66% of the 121 million total U.S. hogs **(Figure 5)**.

FIGURE 8

Soybean Production by County 2017



Cattle. In the past 22 years, between 1996, the year the U.S. joined the North American Free Trade Agreement (NAFTA), and 2017, 75% or 83,000 U.S. cattle feedlots disappeared. Their number should have increased. Since 1980, 17,000 beef cattle-raising operations per year have exited the industry, bringing the total loss of such operations to 544,000 as of 2017, or 40% of those in operation in 1980. It is worse today **(Figure 6)**.

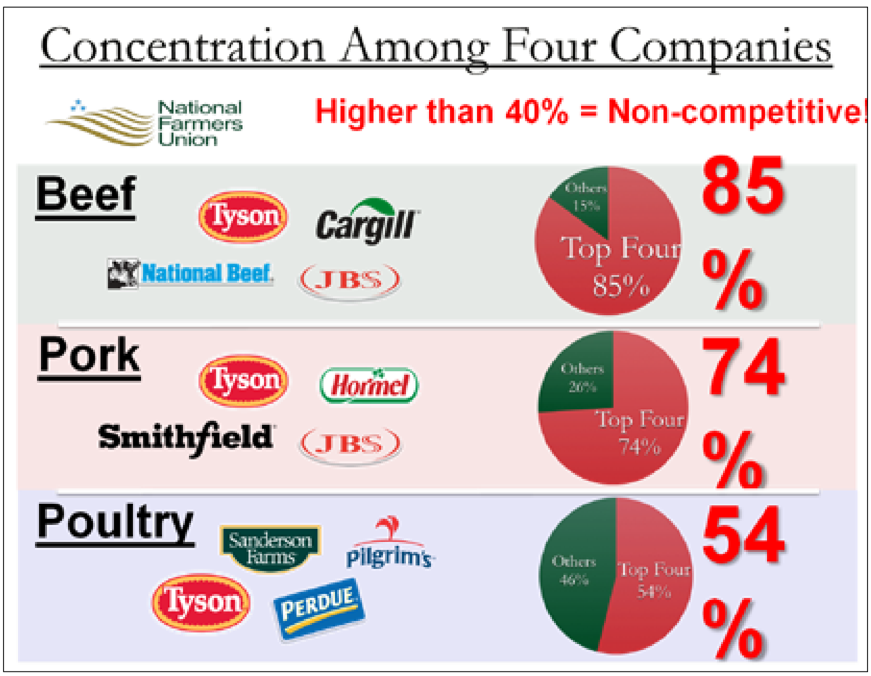
Sheep. In the mid-1990s, U.S. sheep herders produced 80% of domestic consumption. Since then, sheep production has dropped about 50%, and now the U.S. must import about 150% more than what we produce, in order to meet domestic demand **(Figure 7)**.

Poultry. The top five poultry producing companies control 65% of all U.S. production, either growing the birds directly, or sub-contracting to what amount to custodial farms. The top five egg producers account for about one third of the nation's flock, housing more than 99 million laying hens. The country's top five broiler companies account for more than half of all national production.

Dairy. Licensed dairy farms in the U.S. dropped to just 40,000 in 2018, milking 9.31 million dairy cows. Dairy is in the forefront of family farm shutdowns at present.

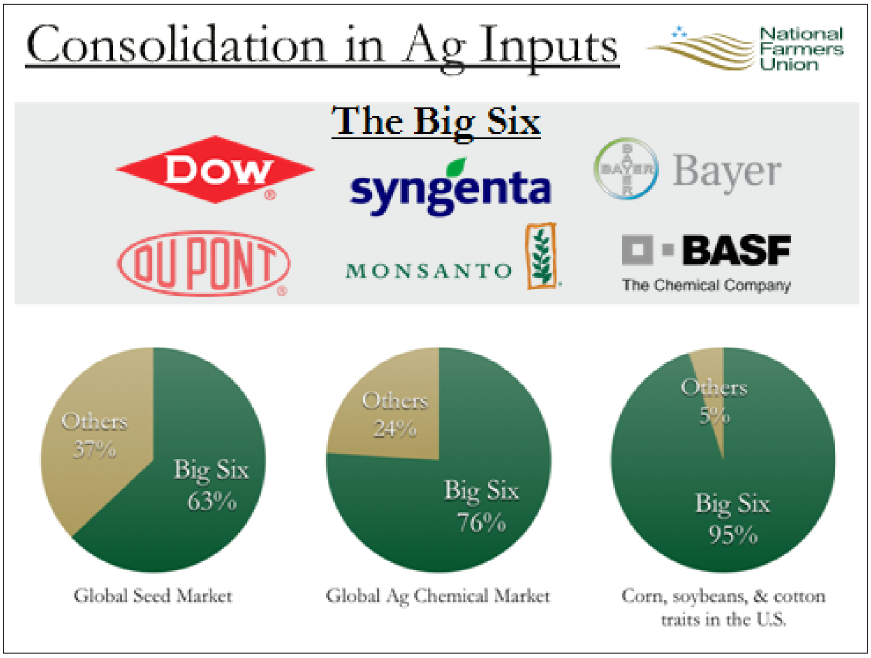
In crops, as well as livestock, the result of this concentration process is monoculture, especially in soy and corn **(Figure 8)**. The national map of top soybean producing counties shows the concentration in the Midwest farm belt, which coincides with where the depopulation is underway. Corn presents the same picture, and other crops are similarly concentrated.

FIGURE 9



National Farmers Union

FIGURE 10



National Farmers Union

Consolidation of processing and agricultural inputs. Food processing is likewise consolidated. In meat processing, the four largest beef, pork and poultry processors control 85%, 75% and 54%, of their respective industries. This is shown in graphics prepared by the National Farmers Union **(Figure 9)**. There is extreme consolidation in agricultural inputs as well, with the six largest seed, agricultural chemical and genetic traits companies controlling 63%, 76%, and 95% of their respective markets **(Figure 10)**. In fact, grain, dairy processing and all major links in the farm-food chain show the same domination and control.

It is worth noting that in some ways, the only remaining holdout is the cattle ranchers. Pork and poultry are extremely vertically integrated. For what this means, look at the broiler chicken industry. According to the National Chicken Council, "About 25,000 family farmers have production contracts with a handful of big processing companies. Approximately 95% of broiler chickens are produced on these farms, with the remaining 5% raised on company owned farms."

In the production contract, the chicks or animals, feed, medicine and transportation are owned and provided by the contractor, who, today, is usually the big processor like JBS or Tysons. The farmer-grower is paid so much per head to raise and take care of the animal and provide the land, buildings and equipment, and manure removal. Today over 90% of broilers are produced under contract, as are 60% of hogs and 30% of beef cattle. Many farmers sign contracts because they risk going out of business from low prices on cash markets, which risk prevents them from securing financing. So, they have no alternative.

Over the 1960s and 1970s, chicken production and processing became vertically integrated. Then over the 1980s through to about 2012, hog producers went the same way, with a loss of 90% of the number of producer farms. Montana rancher Bill Bullard, who is CEO of the Rancher-Cattlemen Action Legal Fund—R-CALF, says, "We're trying to stop the chickenization of our cattle industry, and it is happening fast."

Contracts don't utilize the knowledge and skills of our farmers and ranchers. Contracts transform farmers and ranchers from innovative entrepreneurs into growers with little or no power over decision-making processes on the farm. The loss of autonomy and control raises fears in farming communities of a knowledge drain, as new generations of growers come to rely on contractors to tell them how to run their operation and older farmers find their knowledge underutilized.

U.S. food import dependence has grown all along. Beef imports have doubled since the 1980s and in 2015 were equal to about 20% of domestic production **(Figure 11)**. The number of cattle ranches has declined drastically. Since NAFTA and the World Trade Organization (WTO) came in to force in the mid-1990s, the net U.S. beef trade with 20 free trade countries went negative **(Figure 12)**. A large share of U.S. vegetable and fruit consumption of varieties well suited to be grown stateside, are nevertheless now supplied by imports.

The London/Wall Street Factor

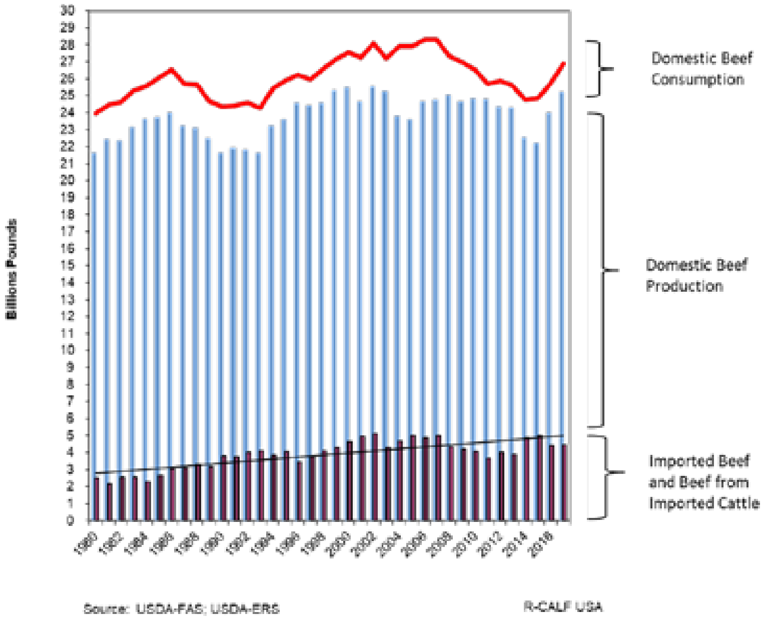
This picture of the dimensions of de-structuring of U.S. and North American agriculture, and the causes behind it, is in line with the process of overall economic decline of the past few decades. Why did farmers "go along" with it? What messes up their minds now? There are a few main reasons.

First, farmers were told to "get smart" about playing the markets themselves, because, they were told, parity

FIGURE11

U.S. Beef Imports

In 2015 Imports Doubled Since '80s; Are Now About 20% of Domestic Production



This trend of loss of beef cattle ranches, 1980-2012, continues to the present day.

pricing was never again going to be U.S. policy. It was "not modern." At the same time as the 1971 floating of the dollar, the campaign started up from the USDA, and other Federal agencies, and Wall Street media, that the idea of parity-pricing was "outmoded." Wall Street denounced as "Big Government," the parity-related American System policy of farm commodity production management (Federal measures to help farmers expand or reduce production, depending on national interest). Farmers were cajoled to attend seminars on how to do futures, puts, and calls, and how to arrange storage to hold their crops off the market. In the 1980s, the USDA, banks and university extension services offered training in, not high-tech farming, but finance.

At the same time, a scare campaign was begun, aimed at consumers, that parity-pricing for farmers means super-high food prices for eaters. The implication, aimed at the gullible, is that farmers are fat cats, on the take. The truth is, according to the USDA, the farmers and ranchers get only 14.8 cents of every food dollar that consumers spend, while the non-farm costs of marketing, processing, wholesaling, distribution and retailing account for more than 80 cents of every food dollar spent in the United States. (See box on parity.)

Second, farmers were told that exports were their only way to survive low prices. They were told to back Federal and commodity association efforts—trade missions, diplomatic pressure—to force foreign nations to open their doors to U.S. commodities. In other words, this argument is warmed-over British Empire logic.

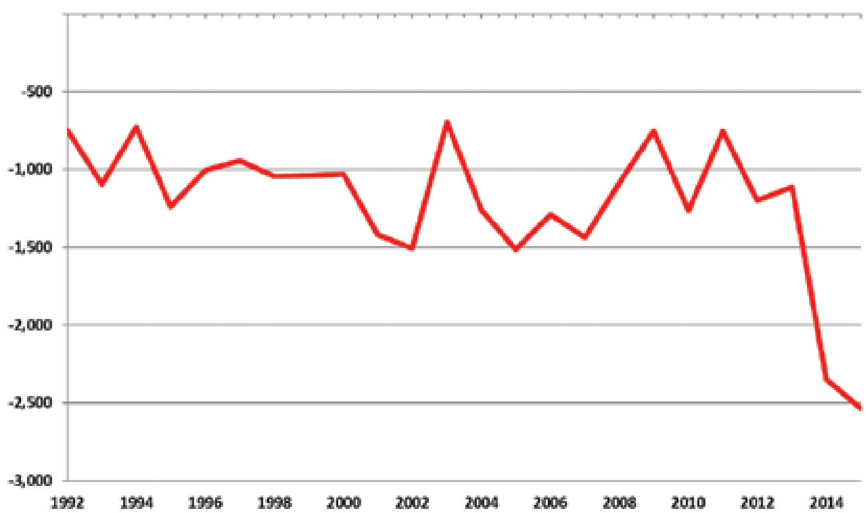
Third, farmers were told that industrial use of crops, and biofuels "are the future," and corn ethanol and soy diesel would bump up prices to the farmer. This was pushed to the hilt in the Bush and Obama Administrations. Federal subsidies were given to gasoline blenders to use ethanol. Prices for the farmer did not rise long term, of course. But worse, farmers as a group had to betray their own knowledge that biofuels are a lowering of the level of power and technology in society.

Fourth, farmers were told to rely on crop and income

FIGURE 12

Canada and Mexico Beef Balance of Trade with U.S.

$ Millions



Harwood Schaffer, Director, Agricultural Policy Analysis Center, Knoxville, Tennessee insurance, instead of trying to change government policy to parity pricing and national interest. In recent years, private insurance is available to farmers, for crop damage and income loss, from a program in which designated private insurers are federally subsidized. The precedent for crop insurance originated in the 1930s under the FDR Administration, but it remained limited, and was considered a safety net, because there was a parity price system. Today, with no parity system, it is the farmer's only recourse.

All the while, the cartels—and their Wall Street financial circles—were not only extending their control over the food chain, they have also become big players in offshore money flows and power plays—what's come to be called the "spider web" of tax evasion and hidden money transfers. JBS, the biggest beef processor in the world, had to leave its off-shore tax haven in Scotland and move it to, wouldn't you know, London.

One current filthy operation from this crowd is the "Global Roundtable for Sustainable Beef," whose leadership includes such outfits as the World Wildlife Fund, Cargill, JBS, Bayer, McDonalds, Costco and others, and which is targeting independent cattlemen for extinction, under the false flag of "saving the environment."

Finally, the clincher for the success of the Wall Street/London crowd in the farm belt—besides the sorry fact that the whole nation ever allowed casino economics in the first place, is that "culture" has been removed from agriculture. Farmers were told, "it's a business … don't care about the future. …" This goes hand-in-hand with the general dumbing down of a population, from the effects of the entertainment and sports "industry," the decline in education quality—especially in universities—and the lack of a future. All across the farm states are sites of former opera houses and cultural centers, now gone.

The exceptions stand out. One farmers' chorus has persisted, from the time of its founding in 1969 in western Minnesota, to the present day. The all-male Chord-Ayres chorus was inducted into the Minnesota Hall of Fame in 2012. The Southeast Iowa Symphony conductor, Bob McConnell, is a hog farmer, and an oboe virtuoso.

World Agriculture Imperative: More Food

All of the crises of U.S. and North American agriculture can be solved, in the context of returning to the American System principles nationally, and in the context of international Great Power collaboration for a future of science, economic growth, and plentiful food.

Chord Ayres, 2014

Members of the Chord Ayres, with Rep. Collin Peterson (D-Minnesota), in the House of Representatives Agriculture Committee Hearing Room, where the men's chorus gave a concert in 2014. The Chord Ayres was inducted into the Minnesota Music Hall of Fame in 2012.

The task is exciting. Consider that it took 10,000 years of advances in agriculture, to be able today to produce food for the Earth's 7.5 billion people. Now we must take measures to be able to have plentiful food for 15 billion people in only 50 years ahead!

One most obvious, and overdue part of this leap ahead, is the development of the vast food output potential of the continent of Africa, which has been forced into food import dependency.

But the main driver of more food, for more people, everywhere, will of course be advances in science and technology in agriculture, and in the social and income levels of farmers to invent and apply new methods. Across the board, scientific advances are promising. Look for proof and inspiration in the photographs of the cotton sprout on the far side of the Moon, in the micro-ecosystem on board the Chang'e-4 lander.

The critical challenge is to foster the conditions for creativity. It's no accident that John Glen, Neil Armstrong and so many of our astronauts grew up in the farm belt!

The author wishes to thank Marcia Merry Baker, Ron Wieczorek, Andy Olson, Gene Schenk, and Jon Baker for their contributions to the discussion leading into this article.

Bring Agriculture Parity Pricing Back in the U.S.: Win-Win for the World

The policy known as agriculture commodity "parity pricing" for farmers, refers generally to the idea that farmers should get a price for their output, which is on a par with their costs of production, plus a decent profit, to enable them to invest in factors necessary for the continuation of U.S. farm sector productivity—land, water, equipment, improved skills, and training of the young. The objective is national food security. Additionally, the idea is that the income of farm households should be on a par with those of other sectors of the economy—workers in manufacturing, mining, transportation, health care, retail, science, engineering, education, government.

This parity concept was discussed widely in the early 1900s and enacted under the presidency of Franklin Delano Roosevelt, in a series of laws beginning with the 1933 Agriculture Adjustment Act. The time period used as a baseline for when prices were on a par with the cost of production, was 1910-1914; other times have since been chosen.

Madison Stallwitz, National Corn Growers Association

Fields-of-Corn 2016 prize-winning photo. Farmer with his toddler at harvest time in a corn field.

Under the years of parity, U.S. agriculture thrived, consumer needs were fully met, and most foodstuffs were produced domestically, apart from tropical and other specialties. Parity pricing aided farmers during the difficult depression years in the 1930s and enabled the huge increase in output during World War II, despite the absence of so many young men in military service. During the period of the 1940s through approximately 1968, farm productivity increased, and farm families trained the next generation of young future farmers while some youth left the farm for skilled jobs in the city. A farmer could raise a family with no off-farm jobs necessary.

The measures used by the federal government to carry out the parity idea included, for example, purchases, when necessary, of certain commodities—e.g., butter, wheat, corn, etc.—when there was a lot of product and the commercial demand and price were low. Federal payments were also made when necessary. The government also practiced "production management" in tandem with parity pricing—using measures to encourage or deter production of various crops. Such measures ranged from quotas for tobacco and peanuts, to taking land out of production by idling it in a "soil bank," and setting floor prices for fluid milk. In terms of international relations, the parity concept rejected both the use of U.S. farm capacity to produce surplus to dump on foreign nations, and the use or foreign, cheap-labor production to import food into the United States.

All this changed radically over the 1970s, with the ending of the post-war Bretton Woods fixed exchange rate system's commitment to stable currencies and mutually beneficial economic relations between nations. At the same time that the dollar was floated in August 1971, there began a phase-out of the parity pricing mechanism in the United States. Deregulation and the failure to enforce anti-trust law became the norm. The infamous transnational food companies became predominant, producing huge amounts of corn and soy in the United States in order to dominate world trade, and at the same time, American production of fruits, vegetables, and other staples was outsourced to cheap labor areas abroad. Thousands of farms shut down. Others continued only by farm households turning to off-farm jobs to support the very existence of the family farm.

TABLE 1

Farm Commodity Parity Prices and Price as Percent of Parity United States, October 2018 with Comparisons

Commodity/unit		Farmer's Market Price (October 2018)	Parity Price (October 2018)	Price as % of Parity
Corn	Bu	$3.41	$13.30	26%
Soybeans	Bu	8.58	32.90	26%
Wheat	Bu	5.22	17.70	29%
Beef Cattle	100 lbs	110.00	337.00	33%
Hogs	100 lbs	50.30	168.00	30%
Broilers	pound	0.46	1.51	30%
Turkey	pound	0.51	1.95	26%
Milk	100 lbs	16.30	52.30	31%
Eggs	dozen	.92	2.19	35%

Source: Agricultural Prices (November 2018); USDA, National Agricultural Statistics Service (NASS)

The situation now is extreme. Farmers are getting about 30% of what would be a parity price for what they produce. The U.S. Department of Agriculture (USDA) still calculates and publishes parity prices of various commodities every week. **Table 1** gives specific data for many basic commodities, as of October 2018.

Meanwhile, the consumer is being told to believe the scare story that parity prices for the farmer would mean expensive food for eaters. Not at all. In some cases, e.g., beef, the math shows that if the degree of rake-off by the beef cartel and retailers is reduced, through parity pricing for ranchers, and if beef imports are ended, the consumer will have better quality and safer beef, with no increase in cost at all. The same for other foodstuffs.

Actually, very little of the consumer's food dollar—an estimated 14.8 cents—goes to farmers and ranchers. Non-farm costs account for more than 80 cents of every food dollar spent in the United States, according to data released by the USDA, for October 2018 (**Table 2**). This includes processing, wholesaling, distribution, retailing and marketing.

At present, more than 20% of U.S. food consumption comes from imports, much of it from extremely long-distance supply chains benefitting no one but the commodities wing of Wall Street and the City of London. The import-share, by key categories of food consumption, is: 50% of fresh fruits, 20% of fresh vegetables, and 80% of seafood. Some subgroups are much higher, e.g., 95% of frozen broccoli

TABLE 2

Farmers Receive a Small Share of Consumer's Food Dollar

Food Item	Retail Price	Farmer Receives	Farmer's Share
Bread (2 lbs.)	$3.48	$0.12	3%
Cereal (18 oz. box)	3.49	0.05	1.4
Bacon (1lb.)	5.00	0.69	14
Sirloin Steak (1lb.)	9.99	1.78	17
Potatoes (5 lbs.)	4.59	0.43	9
Apples (1lb.)	1.99	0.42	21

Source: USDA, October 2018

is imported (mostly from Mexico).

Thus, restoring the policy of farm commodity parity pricing in the United States is a leading part of the required overall upgrade of the entire U.S. economy, and a new sound basis for economic foreign relations that will benefit all countries involved—a win-win approach. Statesman Lyndon LaRouche laid out the policy principles in a 1980 policy paper, when he was mobilizing leaders to oppose the deregulation underway after the 1971 ending of the Bretton Woods system. In that policy paper, "The Meaning of World-Market Parity Prices for Food," reprinted in *EIR* on December 14, 2018, LaRouche warned, "Many Americans have been subjected to the myth which falsely asserts that cheap labor means lower unit-costs of production. . . ." Don't believe it.

Twenty-First Century Homestead Act for One Million New Family Farms

The United States needs an emergency mobilization to rapidly generate at least one million new family farms. Currently the U.S. has about 2.1 million farmers. However, as can be seen from the USDA documentation in this article, the majority of these farmers, due to low rigged prices, are producing very little food. That has to be changed fast, because two-thirds of the farmland is going to be turned over to a new owner in the next 20 years.

First, our nation's food supply is a national security issue, and we don't want it bought up and controlled by mega-big global corporations. The biggest pork producer in the U.S. is Hong Kong-owned Smithfield Foods, and the third largest beef producer is JBS, the Brazilian firm now headquartered in London.

Second, for the public at large, more farms and a productive, beautiful countryside, go along with better food. The safety, reliability and quality of the food supply will all increase greatly, by the establishment of family-scale farms, and a variety of local and regional food processing operations and grocery outlets. The pattern of "long-distance/free-trade" food has benefitted no one but the London/Wall Street money and control circles.

Third, our nation needs the drive, creativity and cultural orientation historically manifested by the independent family farmer, an occupation requiring highly developed skills in all the sciences such as soil science, chemistry, mechanics, construction and business administration, and the passion to withstand the many weather and health variables that farming brings.

There are three areas of action proposed, to shift the direction of U.S. agriculture away from mega-corporate-like farming system arrangements, to millions of smaller, but super-skilled high technology farmers. They concern land use and transfer, special credit, and restoring parity pricing. These three areas, and related policies for agriculture, are best understood in relation to the "Four Laws to Save the U.S.A. Now!" proposed in 2014 by statesman Lyndon LaRouche for the U.S. economy, which are now urgent. Without the four following overall measures proposed by LaRouche, no fixes to the agriculture sector can succeed:

1. Reinstate Glass-Steagall, to separate speculative from basic commercial banking. Reinstate regulations to curb the mega-speculation in farm/food commodities. Restore anti-trust actions throughout the economy, from banking to the farm/food chain.

Specifically: Restore percent-of-parity pricing for essential commodities. Restore the related policy of production management, referring to the right and responsibility of the Federal government to take measures to encourage production of foods for national self-sufficiency, and deter over-production of commodities.

2. Establish a National Bank for infrastructure, to direct credit to national priorities such as water, power, and the agriculture and industrial sectors. In the farm belt, four areas are urgently in need of infrastructure development: ***Water.*** The North American Water and Power Alliance, as well as nuclear desalination is urgently needed on the continent, for plentiful water for the High Plains and western drylands. ***Power.*** A nuclear power development program must be initiated, as well as efforts for early harnessing of fusion energy. The wind and solar program is technologically retrograde. ***Rail.*** Modernize the entire U.S. and continental rail system, in conjunction with the worldwide Land-Bridge. ***Medical services.*** Hospital-centered medical services in the farm belt must be vastly expanded.

3. Extend Plentiful Credit throughout the system for useful activity. Specifically: Deploy preferential credit to young farmers to promote the "million new farms" goal, for high-tech, family-scale agriculture operations. Give the young farmer access to low-interest credit, at terms not dictated by Wall Street. The proposal involves special provisions concerning land use. Incentives can be extended to older landowners, who choose to join a program to set up a young farmer. The older farmer can rent his farm to the younger, on a 50/50 arrangement, not cash rent. This means that the older farmer will furnish the land and pay for one half of the input costs (seed, fertilizer, chemicals). The younger farmer will pay the other half, and furnish the labor and machinery. Thus, the young farmer does not have the debt burden of paying a high cash rent.

After harvest, they will each get to sell their respective half of the crop, at prices mandated to be full, or a percent of, parity. The parity price will be a big incentive for the older farmer to participate.

4. Conduct Crash Programs in exploring space, harnessing fusion power and other frontier sciences.

FARM STATE GLASS-STEAGALL SUPPORT

Kansas Cattlemen for Spirit of New Silk Road in Infrastructure, Foreign Policy

Jan. 28—The Kansas Cattlemen's Association, at its 20th annual convention in November 2018, passed two policy resolutions indicative of the demand for action on Glass-Steagall, U.S. infrastructure, and a New Silk Road policy. Kansas is the third largest cattle producing state in the United States, with over 6 million head. The texts of the two resolutions follow.

Resolution: Re-enact Glass-Steagall Law for Sound Banking and Credit to Rebuild the Nation

WHEREAS, there is imminent danger of another financial blow-out, bigger than 2009, because nothing was done to fix the underlying dynamic of uncontrolled mega-bank speculation; our nation won't survive more bail-outs and consolidation; and

WHEREAS, we need sound banking to extend credit to re-build infrastructure and productivity—modern rail systems, new water supplies, nuclear power, rural hospitals, upgraded waterways, etc. with millions of new jobs and a secure farm sector; and

WHEREAS, the 1933 Glass-Steagall Act worked for 66 years (until repeal in 1999) to keep separate useful community banking from speculative financial entities; therefore,

BE IT RESOLVED that the Kansas Cattlemen's Association calls on the Kansas Congressional delegation and all of Congress, to re-enact the Glass-Steagall Act.

Resolution: Stop Low Prices and Speculation; Collaborate with the Silk Road for Win-Win Prosperity

WHEREAS, the North American farm sector is undergoing destructive pricing and trade policies, amidst decaying infrastructure—inadequate rail, waterways, rural hospitals, loss of nuclear power, lack of disaster-defenses, etc., and a plague of drugs and despair; and

WHEREAS, the New Silk Road policy of massive infrastructure-development is underway in nations all across Eurasia, and the U.S. has been invited by Chinese Pres. Xi Jinping to collaborate in this policy both abroad and here at home, for mutual, win-win economic benefit and ending poverty everywhere; therefore,

BE IT RESOLVED, the Kansas Cattlemen's Association endorses the Spirit of the New Silk Road for economic betterment, as a win-win foreign policy for the United States.

In recent years in U.S. Farm Belt states, there have been significant discussions, and resolutions passed, on the necessity of reinstating the Glass-Steagall Act, and for taking measures to build infrastructure and productivity, including with partner nations. Glass-Steagall support has been ratified in national meetings of the National Farmers Union, the National Farmers Organization, in commodity associations, and by legislatures in Illinois, Minnesota, Iowa, Ohio, South Dakota, and elsewhere.

A leader in this national drive, Jim Benham, President of the Indiana Farmers Union, which has passed a Glass-Steagall endorsement, said in a public call in 2017:

> We must return to economic policies which protect the nation's ability to produce. Glass-Steagall will cut the speculators off the public trough, the first step to restoring a sound banking system and setting up a production-tied credit system. Pass Glass-Steagall, and we can get on to the business of rebuilding our nation. We will be able to pass farm and food supply legislation based on the principle of parity pricing for farmers and food security for Americans, and domestic production and reserves. We can finance urgently needed water projects, such as the North American Water and Power Project (NAWAPA). I, like most Americans, want to produce what our country and our people need. Give us the conditions in which we can do so . . . We have no idea of the wonderful advances ahead if we get on track with deliberate development policies, and get off the track of the lies that we are to "trust the market forces."