

press for it. If they don't get it, they'll have slimmer profit margins, and they'll tend to cut employment."

Some measure of the squeeze can be seen in the Wholesale Price Index. The index jumped at a 10 percent per annum rate in October, partly because of the rise in farm prices, but mostly because financially battered corporations had to raise prices to get cash in fast. In addition to price relief, two deep-seated economic problems are placing acute pressure on corporations to demand a quick government-spending cash fix.

First, in the first quarter of this year, the monthly rate of increase in retail sales averaged close to 2.0 percent, but fell to a 1.0 percent rate of monthly increase in the second quarter and to a 0.8 percent rate of increase in the third quarter. This fall-off occurred despite record levels of credit borrowing by consumers to be able to purchase retail goods.

At the same time that retail sales growth sharply lost steam, inventories were accumulating in the third quarter at a near record rate of nearly \$23 billion per annum. Unless consumers can find the means to make additional large retail purchases, industry and retail stores will be forced to liquidate the dangerously high inventory holdings, creating an even more dismal drop in production levels.

Second, corporate cash positions have sharply deteriorated. During the second half of 1976 and early 1977, corporations were very liquid, so much so that they were lending each other huge amounts of funds (called commercial paper). However, during the first half of this year, corporate cash reserves dropped \$10 billion, while corporate debt built up by \$20 billion. This dropped the cash-to-debt ratio from 34.4 percent at the beginning of the year to 27.6 percent by midyear, a staggering 20 percent decline in the ratio.

Compounding these problems, corporations reported that in the third quarter, profits fell by 3 percent. When corrected for inflation, inventory build-up, and the like, the decrease is by more than 10 percent — a sizable chunk off corporate cash flow.

The U.S. industrial outlook is further mired by the Commerce Department's report of an incredible two-year stagnation in capital spending for the plant and equipment actually used in production, and by the announcement last week that the U.S. trade deficit in October was \$3.1 billion, bringing the 10-month trade deficit, including costs for freight and insurance, to an unprecedented \$30.6 billion.

The deficit is expected to rise in the fourth quarter of this year and the first quarter of next year at an annual rate of \$88 billion per year. This huge increase could make the deficit of fiscal year 1978 (October 1977-October 1978) one of the highest ever, according to noted economist David Jones of the brokerage house Aubrey, Lanston.

With Fed chairman Burns's complicity, the growth of the money stock is already at very sizable proportions. The basic money supply, M1, has been increasing at a 9 percent rate since April. At the same time, the monetary base, which forms the major part of new banking reserves, has been shooting up at an 11.4 percent rate for the last two months.

It is ironic that despite its requests for suicidal bailouts, business understands the inflationary implications.

The *Wall Street Journal* wrote in a front-page article Dec. 2: "... inflation is becoming a nagging worry to a growing number of (business) analysts, who see even the possibility of double-digit inflation in the coming year. Or even worse, recession."

American Farm Bureau Raises Technology, Export Banners

The leadership of the world's largest organization of agricultural producers, the American Farm Bureau Federation, is rallying for high-technology farm production and exports, against the squawks of "40 acres and a mule" environmentalists — including those in the U.S. government. At the same time, the Farm Bureau leaders are seeking to cool out the confrontationalist national farm strike set for Dec. 14.

AGRICULTURE

"The challenge to American farmers is ... can we produce and distribute enough food to promote international political tranquility... I believe that food can be the foundation of peace." This was the theme set by the national vice-president of the Farm Bureau, Robert

Delano, in his address last week to the state convention of the Virginia Farm Bureau which he heads.

U. S. farm export prospects are dim, despite Soviet grain purchases, because international monetary chaos has shut off export markets. But fully three times America's current 1 billion bushel wheat surplus could be marketed immediately in the developing sector, if proper financing were available. American farm debt, incurred mostly for necessary technology capitalization, has doubled since 1970 to \$102 billion.

Expanding food exports to the developing nations is expected to be a chief agenda item at all state Farm Bureau conventions, now underway across the country in preparation for January's national Farm Bureau convention in Houston where delegates representing the Farm Bureau's 6 million farm families will convene.

The organization is also taking on the environmentalists by slating resolutions favoring nuclear power development on its state and national-level agendas.

'Human Beings Are A Resource, Too'

The president of the National Farm Bureau, Allen Grant, began his opening address to the organization's Virginia state convention with praise for Plato's conception of the human mind, as a lead-in to a well-aimed attack on environmentalism.

"Human beings are a natural resource, too," said Grant. "People themselves, the right to labor, to own and use property, must not be jeopardized by an imbalance of environmental emphasis. Wildlife, soil, water, forest, grasslands, minerals have meaning only in terms of human relationships to them.

"If this were not so, the logical conclusion is that mankind should return the planet to the way it was when humans first appeared, and then quietly choose self-extinction to leave the earth in a pristine, useless state forevermore."

Grant singled out for special attack the Carter Administration cuts on water projects. Grant called for more extensive water development programs, and blasted the National Environmental Protection Act, and the process of "environmental impact studies" as tools of special interest groups inimical to the nation. He committed the farm community "to get this entire process repealed."

"We have trouble understanding the politician who trades on the false idea that man must never disturb his environment for economic purposes," Grant said. "We cannot understand the narrow-mindedness of the environmentalist purist who seems to think that evolution can be frozen, that no species or creature, animal or plant, must ever be endangered no matter how many billions in economic loss may be suffered by people."

Denounce Farm Strike

Farm Bureau leaders are actively opposed to the Dec. 14 farmer strike, known as the American Agriculture Movement or the 100 Percent Parity. The chief organizers of this operation are coordinating with the National Farmers Union and the National Farm Organization to convince farmers in a desperate cash position to strike, hold their supplies off the market, refuse to buy from suppliers and plow under. The operatives who pushed the Independent Truckers strike in 1974 are now coordinating with the farm strike in order

to ensure maximum media attention and dislocation.

At a press conference in Virginia, Grant emphasized his sympathy with the plight of farmers, but termed the strike as "not the effective means to change the situation." Speaking at the Maryland Farm Bureau convention, the Maryland Secretary of Agriculture Young D. Hance emphasized that consumers were on the farmers' side in the struggle for "fair prices," and cautioned the farmers against making "reckless decisions" to get involved with the strike operation and offending "the consumer who uses our products."

Pressure Builds To Expand Agriculture Exports, Repeal Jackson-Vanik

The Carter Administration, roundly criticized by farmers and leading policy makers for failing to push agricultural exports, is developing a new, intermediate credit program geared to expanding agricultural exports. Simultaneously, momentum is building in Congress to overturn the Jackson-Vanik Amendment which severely limits trade with East bloc nations.

Leading American political figures are joining the American Farm Bureau in stressing the importance of exports. Former Treasury Secretary John Connally is touring the nation promoting a "labor-industry alliance," heavily oriented toward an export program; "American agriculture can feed the world," Connally stated recently. Former Undersecretary of Agriculture Richard Bell, currently vice-president of Riceland Foods, recently told a House Agriculture subcommittee that the U.S. needs to "develop a policy framework for the development of export markets in the developing

world" as well as "Communist countries." (Bell's speech is excerpted below).

Responding to this pressure, the Carter Administration has told the U.S. Department of Agriculture (USDA) to review its entire export policy. According to an official in the USDA's Office of the General Sales Manager, President Carter would like to greatly increase U.S. credits available for agricultural trade. While the program is still on the drawing board, USDA officials will likely recommend a new intermediate credit program that would extend agricultural credit to foreign nations at rates lower than the prevailing commercial interest rates. The program — which one official said might provide at least a couple of billion dollars in credit — would bridge the gap between the present one- to three-year Commodity Credit Corporation Sales Program and the 20- to 40-year loans under Title I of P.L. 480, the Food for Peace program. The Administration