



Exclusive interview:

'This will dog farmers for years'

The following interview was granted to EIR by David Diehl, the agricultural advisor to Democratic presidential contender Lyndon LaRouche. Diehl is the former president of the Michigan Cornrowers Association and a former national board member of the National Cornrowers Association. He owns a 4,000-acre farm outside Dansville, Michigan. In February, Mr. Diehl will be campaigning in New Hampshire for LaRouche's primary election victory there.

Q: President Carter's initial announcement that he would ease the effect of the grain embargo on the American farmer has been more or less retracted. Why?

A: President Carter realizes that his chance of getting the money out of Congress for price supports is politically small. We are talking about between \$8 and \$10 billion. You might get Congress to go along with between \$2 and \$3 billion, but never \$8 to \$10 billion. As a result Carter is backing off from that offer. It would mean that Carter would be buying the grain that shippers should have in stock at this point. If he didn't do that, he would be stuck with it and there would be a dramatic loss. The bad part of this situation is that Carter will ultimately have to pick up the tab.

Q: Does this mean that more family farms are going to go under in 1980?

A: Whether or not they go under in 1980 isn't necessarily the question. The thing that worries me the most is that this is not a one-year proposition. We are looking at a problem that will be dogging farmers for at least five years. We are dealing with that kind of a dollar expenditure and dollar loss for agriculture every year for that five-year period. It is not just that problem.

In addition to that loss in the farm sector, there is money that farmers aren't going to be spending in the rest of the economy. And from the voice of experience, farmers tend to spend money as fast as they earn it. This is going to mean that farmers aren't going to be buying a lot of machinery, it is going to mean that farmers aren't going to be hiring any extra help, it is going to mean that farmers are going to put off every possible expense that

they can. When you talk about the loss in the machinery sector for example, agriculture uses more steel than the automotive industry. You are talking about compounding rather dramatically some of the problems we have in the economy now. A farmer's problem in the long run is going to be everybody's problem. I don't know how to put a dollar estimation on it, but I am sure the figures would be astounding.

Q: In other words, this grain embargo will increase already rising unemployment among industrial workers?

A: Right. You are looking at a whole series of agricultural-supporting industries being targetted. It is going to mean that we are going to be cutting back our building, fertilizer expenses and so on. There will be a ripple effect.

Q: What will this mean in terms of U.S. grain supplies, will there be a glut of grain on the market?

A: The grain will be stored. We are looking at a rather interesting situation. Farmers came out of a year when they had record crops, it appeared that we would be able to sell a significant portion of those.

We had already a significant supply of grain on hand to start with. Now, in one year we are going to add 50 percent to that. While Carter is talking about putting this grain in a reserve program, it doesn't take it off the market, because the grain still hangs over the market. It just means that it puts a lid on the market. It will come back into the market at some point. A lid has been put on the market temporarily, the market knows that the grain is there and, as a result, can afford to bid less all the way along.

The other side of the problem is that a segment of the market that the American farmer had come to count on is now lost to us. It appears to be lost for a relatively long time. There is no way that we can practically reduce our production other than through government payments. So, we are going to be continuing to overproduce for the next few years.

To carry the argument a step further, it has been the export market which has kept the American farmer healthy. The U.S. farmer is keyed to being a dependable

supplier overseas. Carter's program is now putting the American farmer in the position of being an undependable supplier. Because other countries will say, "If we don't mind our Ps and Qs according to the administrations's specifications, they will cut off our grain supply."

Whether or not that is true, the precedent is being set for it to be true. A lot of countries may feel that they can't afford to set a pattern of being dependant on the U.S., so that in addition to losing the Russian sale, we will lose many other future sales that would have allowed us to increase our productivity.

Q: What are the other markets that the U.S. farmer looks to?

A: Primarily Europe, Japan, and China is becoming increasingly important. All of these countries need us to certain degree, and we will continue to export to a certain degree, but we aren't going to be able to expand those markets as dramatically as we thought we would be able to. When you come back to the basic effects this has on the farmer, one of the most frustrating things is trying to figure out which direction the pricing structure will be going. It is a very complex problem, in a certain respect it is a guessing game.

We had been more or less promised by Carter that agricultural price supports was an area into which he wouldn't interfere. We had discounted the possibility of problems in that area.

Q: Do you mean that the American farmer doesn't know when the economic setbacks caused by the grain embargo will end or how far they can go?

A: Or what more steps may be taken by the government in this whole process. There could be many. We are caught in a situation where the factors we have historically used to make decisions are no longer valid. It becomes very hard to manage business in that respect.

The grain embargo will have the biggest effect on the Midwestern grain farmer and the plains states farmer. At this time of year, you start looking at your plans for next year. Now we are up in air because we don't know what is going to happen.

The decision as to what percentage of our acreage is for what crops was made in November and December. We have to start ordering supplies and commit ourselves to various programs then. There is a limited amount of change that can be made, but it becomes more difficult the later in the season it becomes. Now we have mid-stream changes and many of us are caught with decisions that cannot be reversed and they are turning out to be very wrong decisions. It complicates our management problems tremendously.

Q: Will more land be lying fallow next year?

A: Not to any large degree. One of the problems we face as farmers is that we are still a large collection of small businessmen. We cannot get together and say "Hey, everybody, cutback 10 percent" even though that might be the best immediate step to take.

The mechanisms aren't there to do it. The only opportunity an individual farmer has to make things work is to get as much production as he possibly can to counteract the low prices, even though it might be a better overall policy to cutback right now.

Q: Is there a possibility that the embargo could cost Carter the farmer vote?

A: It's too early to judge. In the long chance that Carter's action prompts the Russians to pull out of Afghanistan, farmers may say that the whole exercise was worth it. We are willing to pay that kind of price. At this point, the odds on this happening are almost nil. Then it will be very hard for farmers to support him.

Q: Have you seen among farmers any sentiment in favor of a "Food for Crude" policy?

A: There is discussion of it but I doubt it will be realized. Most farmers don't feel that they can justify using food as a political weapon for moral reasons. The primary reason grain was shipped to the Soviet Union was most farmers felt it was raising the Soviet citizen's diet. Most farmers do not want to hurt or hinder the progress of the average citizen overseas. Withholding food has that connotation.

Q: I understand you run a 4,000 acre farm with eight people. Is this unusual?

A: No. In fact because we are involved in remodeling and expansion I have more labor than is necessary for strictly farming activities...

A management approach is necessary in farming. As labor becomes more expensive, farmers tend to turn to machinery. I have to compete with a local Oldsmobile plant for labor where the prevailing wage is about \$10 per hour. Over time that \$10 per hour can buy a lot of machinery, which is one reason why agriculture is a highly capital intensive business.

Right now I am considering expansion and am trying to find ways to handle 8,000 acres with a four-man crew. The technology does exist to do this. The machinery would be similar to what we use now. It would be larger, include some computerized systems, but the technology does exist. The potential exists right now for one man to run two or three machines by operating a computer without having to actually be on any of the machines. I think this will happen in the not too distant future. I believe that in my lifetime, one man will be able to farm a million acres.