

## Agriculture by Marcia Merry

### Carte blanche for the cartels

*The House proposes a new cartel "free-for-all" farm bill, while the \$213 billion farm credit system collapses.*

**B**ack from the August recess, the House Agriculture Committee reported out to the floor its new farm bill, which should be named the Cartel "Free-for-All" Act, because it provides the world food cartel companies with every policy feature they could desire: food scarcity, total vulnerability of independent farmers, and freedom to monopolize trade and pay far below cost-of-production for crops.

Of course, these cartel-serving measures come disguised as a public interest package of rhetoric about "restoring a free market," "saving soil," and "democratic referenda" for farmers—to vote on just how they prefer to cut food production and commit financial suicide.

However, just days before the new bill was agreed upon in committee, the national governor of the 50-year-old Farm Credit System, which accounts for fully one-third of all credit to U.S. farming, announced that he needed a "multi-billion dollar" bailout to keep going. The FCS represents about \$74 billion out of \$213 billion of all credit to farming in the United States. The FCS consists of a national network of farm credit banks, and production credit associations, and 12 banking districts that coordinate funds raised through public sale of securities. The Spokane region of the FCS failed last winter, and other regions are in deep trouble.

Nothing has come out of Washington, D.C. in the way of emergency economic action. Yet the biggest ever financial blowout process could ensue over the Farm Credit System crisis—dwarfing Chrysler and Continental Illinois.

On Sept. 6, White House spokesman Larry Speakes said that the administration believes "there are resources within the Farm Credit System" that can take care of the problem. This only reflects the false briefings on the economy being fed to the President.

Congress is responding in slow motion. The House Agriculture Committee scheduled hearings Sept. 12 and 13 in its subcommittee on conservation and farm credit, chaired by Rep. Ed Jones (D-Tenn.). But they don't intend to resume until Oct. 1. By then the thing could be too far over the edge to pull back.

The simple fact is that billions of dollars of existing farm debt are unpayable. An estimated 15% of the FCS farm debt is uncollectable. The September third-quarter rollover of this debt will be impossible.

Alternative sources of money have dried up already. The traditional lender of last resort—Farmers Home Administration (FmHA)—discontinued all loans for the year, on orders of the administration. The FmHA staff effort is assigned to foreclosures, lawsuits, and collections. The FmHA accounts for another 17% of the national total farm debt.

In the House bill, of a total of about \$45 billion previously budgeted for the new farm act (which will have to be matched to the Senate bill), at least \$11 billion was cut, mostly from programs to provide minimal assistance to maintain the family farm during the financial crisis.

The hallmark of the new act, to last for four years, is to vastly reduce food output and, in the process, to

eliminate independent family farmers. The latter is never said in those words, of course. A plank was passed in which farmers nationally are to participate in a referendum on how little production should take place of certain crops each year. Farmers of those crops who choose not to respect these "democratic quota reductions," will not qualify for any price support assistance at all.

The guiding myth is that reduced food supplies will mean higher prices. This is the myth perpetrated by the food cartel companies, and the Agriculture and State Departments, along with the media, in order to induce farmers to cut production.

The cartel companies are paying low prices regardless of the current scarcity of food output in the country. They simply lie, and repeat over and over again that the problem is "surpluses." The major cartel companies (Cargill, Continental, Louis Dreyfus, André, Bunge, and the rest) are pushing for food scarcity under their control.

In testimony to the House Agriculture Committee Sept. 13, Fred Huenefeld, a political leader from Louisiana, national head of the National Organization of Raw Materials, and board member of the Schiller Institute, gave an example of what "free market" and price-cutting competition mean in practice.

Recently Ontario farmers had a contract to supply West Germany with navy beans. Then Ethiopia came along and underbid the contract by \$100 per ton. When the Canadian farmers asked how Ethiopia could meet this contract when their own people were starving, the Ethiopian representatives said they had no choice. The International Monetary Fund and cartel companies were forcing them to sell anything possible to gain foreign exchange to pay their national debt!