

EIRSpecialReport

Food policy: Will free enterprise be the death of you?

by Chris White and Marcia Merry

At the end of February, a deal was struck between the Reagan administration and the financial interests and grain cartel which have a stranglehold on American food production. Thinking to avoid the threat of a chain-reaction collapse of international credit, the administration has agreed to let the financiers and the cartel go ahead with their planned "reorganization" of American agriculture. This will mean bankrupting the independent family farmer and shrinking the food supply for the United States and the world.

The existence of the deal was brought to light in President Reagan's press conference of Feb. 21, and again in his weekly national radio address on Feb. 23. This is the significance of the President's remarks on the subject of indebted farmers. The decision has been made on the fate of those farmers and of the agricultural banks which serve their needs: Let "the market" take its course.

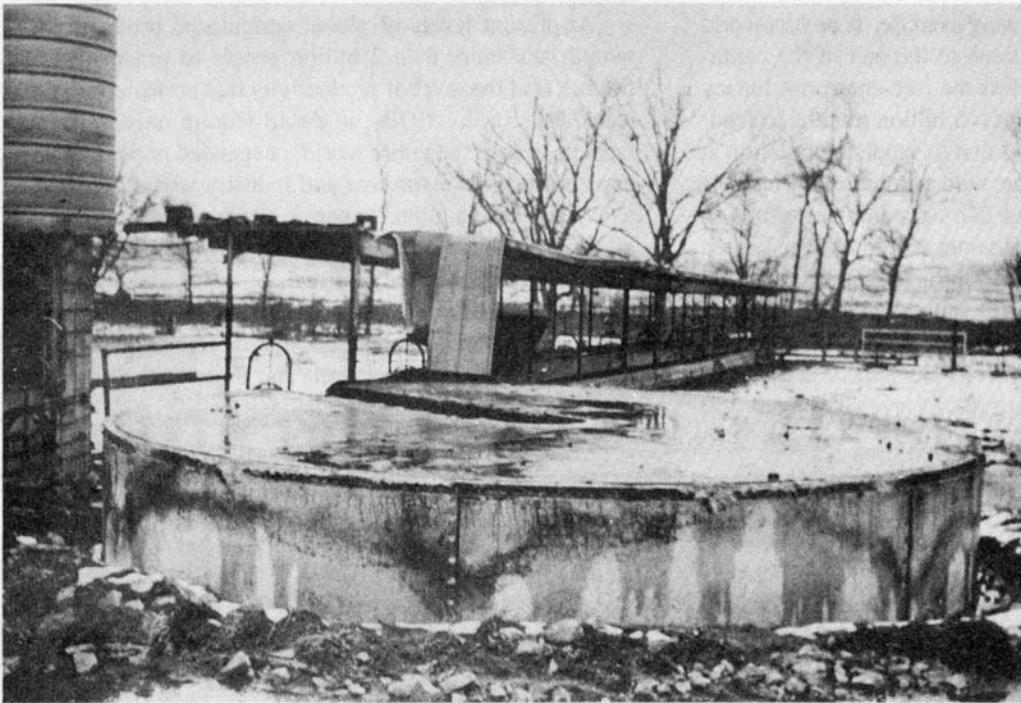
On this question, as usual on such matters, the President is being lied to by his economic advisers—like budget director David Stockman—and manipulated around the idiotic ideology of "free enterprise." The grain cartels are dealing with the Invisible Hand of the so-called free market—and the deck is stacked in their favor by the Federal Reserve's not-so-free interest-rate policy. Just as Adam Smith and the British East India Company used the free-enterprise doctrine as a license to loot the colonies of the British Empire in their day, so today the cartels are picking the pockets of the American farmer and the consumer.

It is not only the President who has been manipulated on this score. Day after day, the country is presented with media images of the farm-sector crisis: families dispossessed, cropland, herds, and machinery seized as collateral on defaulted debt. All this is presented as a tragedy of "the rural life-style"—including by the U.S. Department of Agriculture.

But this is no soap opera! It is the world's food supply—and that means your food supply—that is at stake.

Debt and the food shortage

"About two-thirds of today's farmers have no debt problems," President Reagan declared, "and only a minority of the remainder are in severe financial dis-



NSIPS/George Elder

The President's economic advisers are telling him that only "a minority" of farmers are in trouble—but these are the technology-proud farmers that produce the bulk of the nation's food. Shown is an abandoned silo in Pryor, Oklahoma.

stress." This is a case in point of how the President has been lied to.

To be sure, about one-third of the nation's 2.4 million farming establishments are the ones with debt problems. But these are the farms which produce the bulk of the nation's food supply! Of this number, it is estimated that 100,000 alone produce almost 80% of the nation's food. Under the administration's agreement with the financial and cartel interests, these are the producers who have been left out in the cold, burdened by artificially inflated debt, paid below the cost of production for the last years, and starved of credit.

And it is indeed the case that about two-thirds of the nation's farmers do not have problems with debt—but these are primarily farmers worth less than \$40,000 per annum, whose principal source of income does not derive from agriculture at all, but from employment outside of agriculture. Food production is simply not the principal activity of this section of what is called the agricultural labor force.

The Department of Agriculture talks of "down-sizing" the agricultural sector. Stockman talks of "shrinking" the same sector, or of farmers "withering away." And what they are doing is sacrificing the most productive entrepreneurs and business managers in the world, on the altar of their "private enterprise" deity.

They and their friends at the KGB-linked Heritage Foundation, the Mont Pelerin Society, the International Trade Research Bureau of London, the KGB-dominated International Institute for Applied Systems Analysis (IIASA) in Austria (which does computer modeling for the USDA's Foreign Agricultural Service) argue that government subsidies of production encourage over-production of food, and

thus depress prices earned by the farmers. They demand the elimination of what they call subsidies, to bring production down so that prices may then go back up.

This is pompously called the Law of Supply and Demand, i.e., the grain cartel demands that supply be cut.

But where are these surpluses of food? They do not exist! If we have surpluses of food, why is black Africa starving? Why are parts of Ibero-America—such as Bolivia, Peru, northern Brazil, and parts of Central America—and whole regions of the most densely populated part of the world in Asia, descending rapidly toward African conditions of genocide? If people are starving anywhere in the world, how can we be producing too much food?

Cynically, the free-enterprise school counters, "Well, the food exists, if you've got the money to pay for it." They neglect to report that production shortfalls in the United States are sucking food here from the Third World: We are now importing beef, cattle, fruits and vegetables, and even grains, from especially Ibero-America, and the numbers show up in the expanding trade-deficit figures. To satisfy the free-marketeers, we are destroying our own food production capabilities, while we take food away from those who need it.

Globally, the food shortage has arrived. If the administration's deal is permitted to be continued over this spring, there will be shortages in the United States itself later in the year.

What idiocy it is to make economic policy in this hand-to-hand, month-to-month, year-to-year kind of way? If we have food shortages worldwide now, what about 25 to 50 years from now? What kind of world are we passing on to our children and grandchildren, if we are preventing the

present generation from eating?

For example, take the following exercise. If present world population-growth trends continue to the end of the century—which will not happen unless the free-enterprise lunacy is dropped—we will have about 6.5 billion mouths to feed. What would be required to feed that expanded population at a nutritional level commensurate with a human existence? At the levels of meat-product and dairy-product consumption that now prevail in an advanced sector nation like the United States, we would require about 5 billion tons of grain, up from the 1.6 billion level that prevailed before Agriculture Secretary John Block and company introduced the PIK program to reduce production. We would require about 750 million tons of meat, up from present levels of about 100

million tons, and about 1.5 billion tons of dairy products.

At present levels of global agricultural productivity, it would take more than 2 billion people to produce all this food. Yet at the level of productivity that prevailed in American farms in the 1970s, it would require only 30 million farmers to feed the entire world's expanded population. The expansion of infrastructure and industry would be required to support such a global expansion of food production capabilities. A massive increase in the power of human labor worldwide would also be essential.

The U.S. government should figure out how this can be accomplished and set about doing it on an emergency basis, rather than allowing the cartels and financiers to shut down what farming capacity now remains.

Free enterprise: the dope traders' 'Invisible Hand'

The British school of economics officially began with Adam Smith's *Wealth of Nations*, the gospel of today's free-marketeers (although certainly few of them have ever read it). Published in the same year as the American Revolution, Smith's book advocated everything that the Founding Fathers of the United States fought to overthrow.

The "free trade" doctrine was from the start an ideological cover for the drug trade, the rock upon which the British Empire was built. Smith was the political protégé of Lord Shelburne, the British prime minister who concluded the peace negotiations with America after the British defeat at Yorktown. Shelburne brought with him to power in 1783 the financial and political faction that had conducted the opium traffic since the 17th century.

He devised two grand strategies: the "peaceful" takeover of the United States through the weapon of free trade, and the launching of the opium trade on a massive scale. For this, he picked up British East India Company employee Adam Smith, making him the chief economist of "Dope, Inc." Smith blasted the East India Company's practice of "ordering a peasant to plow up a rich field of poppies and sow it with rice or some other grain" in order to maintain high opium prices in the existing markets. Smith insisted that the opium market had to be extended on a large scale.

In his first major work, the 1759 *Theory of Moral Sentiments*, Smith had set forth the principle of "moral indifference" that underlies the free-enterprise doctrine to this day:



Adam Smith

"The administration of the great system of the universe . . . the care of the universal happiness of all rational and sensible beings, is the business of God and not of man. To man is allotted a much humbler department, but one much more suitable to the weakness of his powers, and the narrowness of his comprehension: the care of his own happiness, of that of his family, his friends, his country. . . . But though we are endowed with a very strong desire of those ends, it has been intrusted to the slow and uncertain determinations of our reason to find out the proper means of bringing them about. Nature has directed us to the greater part of these by original and immediate instincts: Hunger, thirst, the passion which united the two sexes, the love of pleasure, and the dread of pain, prompt us to apply those means for their own sake, and without any consideration of their tendency to those beneficent ends which the great Director of Nature intended to produce by them."

Under Smith's doctrines, by the time of the American Civil War, British commerce rested completely on an opium-based cycle of trade. Gross revenues from the opium traffic averaged two-thirds of the total volume of British exports between 1840 and 1890. It is little surprise, then, to find free-enterprise economist Milton Friedman today advocating the legalization of marijuana.