

Farm System Takedown Behind High Food Prices

Rep. Jimmy “Red” Milligan (D-86th District), is the Chairman of the Agriculture Committee of the State House of Arkansas. He has played a key policy role, not only in agriculture as such, but on the need for water, navigation, and other vital infrastructure. On April 29 this year, he presided over a field hearing in Camden, Arkansas, against the pending closure of the Ouachita-Black River system, for lack of Bush Administration funding to the Army Corps of Engineers. Then on May 6, Gov. Mike Huckabee (R) announced that the White House had promised to reinstate the funds.

Arkansas itself is one of the world’s leading rice production areas, besides ranking high in poultry, corn, and soybeans. Over the past 40 years, this state has been hit—as has all the farm belt, by the decline in numbers of family farms, farm county out-migration, and downgrading of water, land, and transportation infrastructure, as the overall national economy itself contracted under free trade, food-import dependence policies called globalization.

Representative Milligan was interviewed June 12, 2004 by Marcia Merry Baker.

EIR: At the grocery store, people are seeing high food prices, but there are dynamics behind the scene for the farmer, where it’s not so simple. For example, milk prices. Only a few months back, dairy farmers received such low prices, hundreds shut down and left farming.

Milligan: Well, the dairy farmers at the present time are doing very well. A year, year and a half ago—or, even probably more current than that—they were in trouble. But, right now, the market is great.

But, unfortunately, in the farmer’s view, a lot of that high price is not going to the farmer. Some of it is. He’s doing very well. But, as always, the middlemen seem to do better than the farmer.

EIR: And you’ve had a lot of concentration in these “middlemen” because of deregulation. The Swiza and Dean Foods merger in dairy; or the Smithfield, Cargill/Excel et al. meat cartel?

Milligan: Well, that’s true, you know. What do they say? Of a loaf of bread, the farmer—I haven’t seen current figures on it, but at one point, there not long ago, in a loaf of bread, there was about 3 cents of it went to the farmer for the wheat, and

the rest of it went to the processors, and the middle people, and so on.

EIR: In the 1960s, more like like 25 or 30% went to the farmers out of a loaf of bread.

Milligan: There’s a big difference there. And, of course, the problem the farmer has in that respect: He doesn’t have much, or he doesn’t have any control over what he gets for his product. And this has always been the case, and still is.

But, of course, the integrators in poultry and the swine business—that’s the way we grow pork and poultry now, through the integrators—and again, the farmer is at the mercy of the integrator. He doesn’t have any control over what he gets for his product, other than improving his production. If he can make his product gain more, or his pigs, or his chickens, or turkeys do better and gain more, by more prudent procedures to grow them, then they put on more weight. But, he doesn’t have any control over what he gets per pound for his product, any more.

EIR: So this transformation into vertical integration, is a long way from that of the FDR-period through to the 1950s, when there was a *parity* concept, namely that the farmer should receive a price for his commodity, that’s on a par with the cost of his expenses.

Milligan: For his product.

Of course, the problem with most consumers: A lot of them go to the grocery store, and they don’t know any different, than that the product was produced there in the grocery store! There’s not anything you can buy, in the grocery store, that was produced in the grocery store! Some farmer had to grow it somewhere.

And, of course, then, there are a lot of environmental restrictions, and people that don’t understand how you actually produce food and fiber. We have a lot of rules and regulations, I think, that don’t make good sense to the farmer. The farmer is usually a good steward of his land, and he wants to protect the environment, and do a good job.

But, a lot of people that are not familiar with farm operations, every generation gets further away from having some contact with the farm. You know, years ago, most of all of us, either had parents or grandparents still on the farm. Well, now, as we get more generations away from that, we have less understanding of how a farmer has to operate, and how he produces his product. And a lot of the folks that go buy their products in the grocery store, don’t have a clue how it was produced.

EIR: Then there is speculation—as we’ve never seen before—and not simply the casinos. But on the Chicago Mercantile Exchange, and internationally, you have all kinds of fancy speculation. They even set up milk futures! Decades back, the farmer focused on production, and the non-farm households could go to sleep at night, in the knowledge that



Jimmy Milligan (left), Arkansas state legislative chair of the Agriculture Committee, with Lyndon LaRouche during a March 2003 visit to the state house. "We absolutely need the infrastructure," Milligan says; "We need to put the resources into developing irrigation systems. . . . It's your future."

the economy still worked.

Milligan: Well, unfortunately, speculation doesn't do our farmers much good. Folks are not in a position to know about futures, and engage in them. The guy out there who's doing the work, we need to figure out some way, to where he has a more reliable source of income, to where his source of income will not be so drastically up and down, is what I'm trying to say.

What he needs, is a system that he can rely on more readily, to know when he grows his product, that he's going to get fair market price for it.

EIR: The farm parity prices policy during the Second World War was based on the idea of providing a reliable situation: you can produce a lot, or hold back, but you know where you are—.

Milligan: At least, you know when you plant a crop, or grow a milk cow, or plan your production in swine or whatever: If you had some assurance that you were going to get a fair market price for it, it would take a lot of the worries away from the farmers.

Now, I don't know that we need to go to subsidies. I'm not saying that. So many countries now are subsidizing their

farm operations, and that leads to instability in our cash prices for our crops. So, I really don't know. But what I'm saying is: I do know, that the farmer that sits out there, when he plants his crop, has no idea at the end of the growing season what he's going to get for it, and is at the mercy of somebody else; it's very difficult for him.

EIR: And as the local farm economy erodes, farm state government funding crises have worsened—for health care, teaching institutions, and so on. For example, Iowa State University recently sold out its dairy herd operation, which had been set up by the Henry Wallace family. Have you seen these kinds of crises?

Milligan: Well now, I haven't just recently. Now, we went through a period of time, just back a few years ago, where that was very definitely a problem. But, right now, we've weeded out so many of the marginal operations, and the small family-owned farms, that in many areas, the big corporations—that the farming operations are strictly big corporations.

Good for the Farmer, Good for the Nation

EIR: Could you go back—you're in north-central Arkansas, pretty near the heart of the nation, and describe farming a couple of generations ago? There are many practices in farming at that time, that were clearly serving the national, public benefit. For example, building up the fertility of the soil and all—putting in drainage tiles, building upper watershed dams, and so on. Could you describe what a rural county at the time, that had a lot of farming, looked like, in terms of what you call good stewardship by the farm families.

Milligan: Well, of course, you had—most all at that time were—privately owned family farms, owned by the local farmer and his family, that produced the product.

EIR: And the reliance on off-farm income by the family—which we have today, was not the case back then?

Milligan: Well, not at that time. As time went on, as the cost of land went up, the cost of equipment has gone up, a lot of the farmers, in many years, when prices were low, they had to find a form of some work to subsidize their farm operations. And that's led to the decline in the family-owned farms.

Any more, especially in dairy, you don't have many family-owned farms any more. It's big corporations, and large herds—if you don't have 500 on up milk cows, you're probably not going to make it. The family-owned farm is something of the past.

It's pretty well the same with hogs, and it's not that way with poultry so much any more, but the integrators have contracted with the farmer, the producer, and in a sense, the corporations call the shots.

EIR: And during the time period you describe, you had North American Free Trade, and before that the Canadian-

U.S. Free Trade, and so forth. So the globalized, “free” trade brings about more insecurity and instability?

Milligan: It has. No doubt about that. It has contributed, in many cases, to low farm prices.

EIR: You know the Agriculture Department in respect of these NAFTA free trade agreements now, is even just putting out statistics to the general public, where they don’t use national borders any more, between the U.S., Canada, and Mexico: They just call it the “NAFTA Area.” But, if you do look at borders, the figures just came out for Canada, for example, that 2003 was the lowest on record, relatively speaking, for net farm income. It’s negative, it’s a negative \$10,000. Of course, that has to do with Mad Cow and other things. But, this gets back to how big the price gyrations are, that sock the farmer.

Milligan: Well, farmers always suffered with that. And that’s historically the way it’s been. And, I haven’t seen those figures from Canada, but I’m not all that surprised. The family farm has either got bigger, or gone out of business.

Now, in our area, of course, we were primarily always beef, and dairy, and some swine. Now, we’re entirely, practically entirely beef and poultry. The poultry production in this area has really grown, from the standpoint of number of birds. And, I don’t mean to say it’s all been bad. A lot of the integrators have been good to the growers. But, the truth of the matter is, the grower is at the mercy of the integrator: The integrator tells him when he gets birds, and he tells him how much he’s going to get for producing them. And, also he tells him how he’s going to maintain his barn, and what equipment he’s going to have, and that sort of thing. And the farmer doesn’t really have that much say in it. And he’s just out there, sort of, at the mercy of the integrator.

But, I’ve seen a great shift in our nation, at the number of farms, family-owned farms, it’s gone steadily downhill. You can look at the figures in any state, and you’ll see that they’ve got less and less as time goes on. And the corporations and the big farming operations grew; you have to get big to stay in business, basically.

Water Resources Crisis

EIR: So, it’s a big change in the character of the farm economy.

Milligan: It has been. Now, you’re seeing, in many areas—the San Joaquin Valley out in California, for example, every day, they’re paving over more of that valley, and turning it into subdivisions, and we’re losing valuable farmland to development. And you’re going to see more and more of that in the Valley out there.

Now, in Arkansas, we’ve got sort of a valley, down in eastern Arkansas, or in the Delta (as we refer to it), that I think you’ll see a lot of that production moved to other areas.

You see, of course, water resources is a very definite problem for all farm operations, anywhere. And it’s very critical

in the Delta, that we develop more prudent irrigation over there, and quit pumping our aquifers dry. That’s one of the big problems that the Delta is facing over in Mississippi, and Arkansas, and I guess other areas, too; but, that’s the one I’m familiar with. We are actually depleting our underground water storage in those areas, by having to irrigate from them. And if we don’t develop a system of water supply in those areas, at some point, it’s going to put lots of farmers out of business.

EIR: You have one of the very well-known irrigation systems in all of North America in your state. And I understand the Army Corps has an idea of making more use of some run-off from the White River, to supplement pumping of groundwater.

Milligan: Well, there is a White River project over there, that we’re in the process of trying to develop now. But there are people who don’t think we need to do this.

EIR: The infamous red-green alliance? The anti-tax people like Grover Norquist, along with the pseudo-environmentalists? They filed a lawsuit against your project?

Milligan: Well, they did. And that is ongoing. On the project itself, plans have been under consideration now for several years, but the environmentalists and other people that object to it, are still—I don’t know if we’re going to get it done or not. The complete update on where it stands will be given by our Director of Soil and Water in Arkansas, Randy Young.

But, if we don’t do that, at some point, when the farmers dry out the aquifers down there, and the water supply is gone, it’s over with!

We absolutely need the infrastructure. We need to develop—we need to put resources into developing irrigation systems, especially in the Delta area in Arkansas. And I know, probably, other areas, too. But, if we don’t fund, and find the resources, to develop an irrigation system over there, at some point—and it’s *your* future—it’s going to put many, many acres that are vital, that are very productive agricultural acreage, out of business!

It’s rice, it’s soybeans and cotton, all three. That Delta area in Arkansas produces a whole lot of rice. Of course, we’re the number-one rice producer in the country. But, we also produce lots of beans, and lots of corn, and lots of cotton. And all of those, are the crops that we grow in the Delta, that I’m speaking of, if we don’t construct an irrigation system, and quit pumping out of the aquifers, that—we’re pumping those dry.

EIR: So, the principle involved in this kind of Delta infrastructure project, to augment the water supply from the White River run-off, is the kind of engineering we could have in different parts of the country?

Milligan: Absolutely. And, it’s a good investment in the future. As Randy Young, the Director of Soil and Water in

TABLE 1

Decline in Farm Population to Total Population, 1960-2000

| Year | Farm Population* | Percent of U.S. Population |
|------|------------------|----------------------------|
| 1960 | 13,445,000 | 7.5% |
| 1970 | 9,712,000 | 4.8 |
| 1980 | 6,051,000 | 2.7 |
| 1990 | 4,591,000 | 1.8 |
| 2000 | 2,987,531 | 1.1 |

*Resident on the farm, implying potentially involved in some agricultural activity.

Source: U.S. Census Bureau; Department of Agriculture.

Arkansas, can enlighten you, the situation in Arkansas is severe. For the Delta aquifers, we're pumping them down, so severely, that probably, in 20 years—once you pump them down, they compress—it's over with. It's something that we've *got* to find a way to address.

Re-Establish Rail and Waterways

EIR: Besides water resources, what about transportation infrastructure? Over the last 40 years, you've had a real take-down of the rail grid, which once intersected with the river ports, so you weren't hauling so much by truck on the highways.

Milligan: I think we've got to find a way, to reduce, at some point in this country—of re-establishing the rail systems, and also improving the water systems, that we can use to ship produce. Because, we have, in the last 30 years, we've almost exclusively, in many areas, gone to just trucking. And that, in my opinion, is not the most efficient way to move freight. We need to redevelop the rail system, and enlarge it and improve it, and also continue to improve our waterways.

EIR: You mobilized to keep open the locks and dams navigation system on the Ouachita River and Black River, that the Army Corps said they had no money to maintain.

Milligan: Well, there's been a considerable amount—it's kind of a fight, here. We've got an in-house fight, in Arkansas, that's what the deal is. A lot of the environmentalists, I guess you'd say—whatever, they're fighting. And they've been somewhat successful. But, the struggle goes on.

We put a lot of heat on the Administration. We took the Ag Committee down there, and held hearings April 19. I think the hearings we had down there, the next week, they turned that around. There was pressure from other areas too.

EIR: Huckabee said on May 6 that the White House promised they would restore \$8 million, to bring up the annual amount to \$10 million, to keep the system open.

Milligan: Closing it was going to devastate that whole area. And there wasn't any money! You know, their whole budget—I think they needed \$8 million; they needed \$10 and they cut it to \$2.

See, the volume of the tonnage on that river was a little low. But what they weren't considering, was the quality of the tonnage, down there. See, that's a petroleum refinery down there; there were several industries down there—wood and others. You're talking about a lot of jobs, and in an already high-unemployment area, and it would have just devastated that whole section.

Congressman Ross was very instrumental in turning that around. And I gave him a lot of credit. But, I think our Ag Committee had some bearing on it.

Help Establish Young Family Farmers

EIR: The new Agriculture Census was released this month, and says that the average age of the family farmer is now up to 55.7 years.

Milligan: It's very difficult now, for young farmers, unless they have a family, where they inherit their land, to go out and establish themselves as farmers, when they have to buy their land, at the prices they have to buy now, and the cost of equipment. It's very difficult for young people to get into farming and has been for a number of years, but it seems to continue to be more difficult. It's very difficult, is what I'm trying to say, to increase our family farm operations any more. It seems like the trend is going toward more corporate farming, and I don't think that's good. I think that's probably harmful to us as a nation: I think we need more family farms, and if the governments could help—and I know there is some programs, but, if we could figure out a way to retain the family farm, and expand the family farm, I think our nation would be better off.

The number of family-owned farms has been in decline for a number of years, and I think that if we could find a way to encourage more of our young people to stay on the farm, and be successful as family-owned farms, our country would do much better.

Dairy Farms in the 1950s

EIR: What was agricultural production like, before the shift to corporate farming?

Milligan: Well, when I was growing up here we had local dairy farms. I have no idea how many, in this county, and the adjoining counties, of just family-owned dairy.

When I was a child—see, I'm 65, or will be in December—we had the local producers out in the county, that had their milk cows. They would milk their cows, and put the milk in ten-gallon cans, and set them out on the side of the road. And the milk hauler came by, loaded those cans into a box truck—a closed bed, and so on. And he would haul them into the milk plant here in Yellville, and they made cheese. Kraft Food Co. had a local plant, here in Yellville,

and they made cheese.

Now, as time went on, they stopped that process of making cheese, and they actually—we moved into the bulk haulers, that had big milk tanks on them. And they had the dairies with the coolers in the barn.

Those bulk trucks, they were cooled. The farmer had a cooler at his farm, and about every two or three days, or whatever, the bulk truck would come around and pump the milk from his cooler into the cooled tank; and then the tank would haul it over to, I think, Berryville at that time. And then, they would process it over there. And I really don't know what they did with it over there.

EIR: Yes, some went to powder, maybe?

Milligan: Maybe, and still some to cheese. And probably, in some instance, it may have gone as fresh milk—I don't know for sure or not—pasteurized milk. I suspect a lot of it went in as pasteurized milk.

But, then, as time went on, with fuel prices, and difficulty staying in business, we just lost them all. We have probably one or two dairy farmers—maybe two or three—in the county now. At one time, we probably had 500: just small, family operations.

Family Farm System—A Public Benefit

EIR: So today, you are saying that the alternative to corporate/factory farms is not nostalgia to go back to “back when,” but there is a system to be re-established of a modern, family-owned operation, which is a benefit to the whole nation, of having the activity and the judgment of family farmers.

Milligan: It's certainly been a decline in the family farm. It just happened. And if it's happening in Arkansas, it's happening in this county, and the whole nation.

EIR: You get all kinds of crazy land use patterns along with it. You raised one, the asphalt in San Joaquin, which is no benefit to anyone.

Milligan: Well, what's happened: A lot of the extreme environmentalist—what I call “extreme”; and again, I want us to be good stewards of our land; nobody wants to mess up his backyard—but, there's been lots of restrictions put on the farmer, that were probably not productive in improving the environment, even. And it just made it very difficult for the farmer to produce his crop in a profitable way. And in my opinion, many of those restrictions didn't do a thing to improve the environment.

The wetlands is a good example: We've had many acres put out of production, under the wetland law—where, really, those lands were not wetlands, except in an extreme situation, where you had lots of rain for a short period of time, they would be wetlands—still, they were restricted for production. And, I don't think that's been helpful for the wildlife, and I know it's been detrimental to farmers.

EIR: Yes, I think that's a classic example, and also based on crazy science, not true science.

Milligan: Absolutely.

EIR: Whereas, it's been shown that farm families, with a decent income—education, morality, and science intervene to even enhance the “natural” resource base, for example, soils. If you apply the right kind of manure at the right time of year, the soil fertility itself can be improved, and the national land resources base is improved.

Milligan: Absolutely, it's changed drastically.

EIR: What *EIR* is doing right now, is running a series of “then and now” pictures on the economy, to document the 40-year transformation; to make clear what you were talking about, for example, in surface transportation, about railroads, barges and all. We're aiming to help the general citizen, right now, not to think they can just tinker with so-called “reforms.”

Milligan: I know LaRouche advocates investment in infrastructure. And I couldn't agree more. I think we need to do that. I think it would be a good investment for our country, that would pay off many dividends, for many, many years. And I think it makes sense.

If we don't figure out a way, to protect the natural resource base of this country—aquifers and the rest, we're headed to Hell in a hand-basket.

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